Alberta

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Solicitor General and Public Security

Annual Report
2009-2010

Government of Alberta

Solicitor General and Public Security

Annual Report

2009-2010

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Preface

The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Government Accountability Act*. The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 24 Ministries.

The annual report of the Government of Alberta released June 24, 2010 contains the Ministers' accountability statements, the consolidated financial statements of the Province, and the *Measuring Up* report, which compares actual performance results to desired results set out in the government's business plan.

This annual report of the ministry of Solicitor General and Public Security contains the Minister's accountability statement, the audited consolidated financial statements of the ministry and a comparison of actual performance results to desired results set out in the ministry business plan. This ministry's annual report also includes:

- **the financial statements of entities making up the ministry including the Department of Solicitor General and Public Security, the Victims of Crime Fund, as well as the Alberta Lottery Fund and the Alberta Gaming and Liquor Commission; and**
- **other financial information as required by the *Financial Administration Act* and *Government Accountability Act*, either as separate reports or as a part of the financial statements, to the extent that the ministry has anything to report.**

Minister's Accountability Statement

The ministry's annual report for the year ended March 31, 2010, was prepared under my direction in accordance with the *Government Accountability Act* and the government's accounting policies. All of the government's policy decisions as at September 13, 2010 with material economic or fiscal implications of which I am aware have been considered in the preparation of this report.

Original signed by

Frank Oberle
Solicitor General and Minister of Public Security

Message from the Minister

Alberta, like the rest of the world, recently faced a significant economic downturn. While our province was and is in a stronger economic position than many other jurisdictions, we needed to find cost-saving efficiencies to help our economy recover. Staff at my ministry worked hard to ensure internal cost-efficiencies that were found would not impact the programs Albertans need.

My ministry worked on a number of major initiatives during 2009-10 that have made a real difference helping create strong communities in our province.

In consultation with our stakeholders, we made considerable progress during the year in developing a new law enforcement framework that will ensure open, accountable and consistent law enforcement across the province.

To help combat gangs and organized crime, we co-hosted a gang summit with Alberta Justice in June 2009. More than 200 delegates developed strategies to address the root causes of gang activity, with a focus on awareness, intervention, prevention and enforcement. Input from the summit has helped develop a comprehensive gang strategy.

The Alberta Law Enforcement Response Teams (ALERT) continued to be highly successful in providing integrated policing to investigate drug trafficking, child exploitation, gang violence and organized crime.

In partnership with the Ministry of Transportation, reducing injuries and fatalities on Alberta's roadways is a priority for this ministry, and in February 2010, we announced the integration of RCMP and traffic sheriffs to improve traffic safety in Alberta.

Together with Alberta Justice, we introduced a legislative package that boosts Alberta's Safe Communities initiative by improving protection for witnesses, and restricting gang members from wearing body armour.

We also passed the *Gunshot and Stab Wound Mandatory Disclosure Act* which gives health care professionals clear direction on when and how much information they need to disclose to police when a gunshot or stab wound victim shows up at a health care facility.

Construction continued on a new 1,944-bed remand centre in Edmonton to help ease population pressures in all of our adult correctional facilities. We also enhanced staff training for effective supervision of offenders. The centre is scheduled to open in 2012.

We continued to support victims of crime through 119 police-based and 27 community-based programs, and the victims of crime financial benefits program.

The Alberta Gaming and Liquor Commission (AGLC) is also part of my portfolio. The AGLC ensures the province's gaming and liquor industries operate effectively, with integrity, in a socially responsible manner.

Revenue from gaming and liquor continues to benefit Albertans. In 2009-10, the Alberta Lottery Fund provided more than $1.4 billion to support thousands of public and community initiatives including athletic events, arts and cultural festivities; and historical resources. Liquor income provided $716 million to general revenues to help provide the programs and services that Albertans want.

The AGLC spearheaded changes to the *Gaming and Liquor Act* that help police and licensees improve public safety in licensed premises. Two key amendments to the *Gaming and Liquor Act* came in to place in November 2009. One amendment provides police with more power to deal with suspected gang members and their associates by excluding and removing them from licensed premises before a crime is committed. The second amendment helps bar operators work together to deal with problem patrons. Licensees are given the authority to collect, use and share limited information about problem patrons to prevent troublesome individuals from moving between bars and nightclubs and creating similar situations in a new venue.

The AGLC also implemented 21 enhancements to strengthen the Casino and Racing Entertainment Centre (REC) self exclusion program. The program enables participants to voluntarily ban themselves from all Alberta casinos and RECs.

These are just a few of the highlights our achievements over the past year. I encourage you to read the report for further details.

Original signed by

Frank Oberle
Solicitor General and Minister of Public Security

Management's Responsibility for Reporting

The Ministry of Solicitor General and Public Security includes the Department of Solicitor General and Public Security, the Victims of Crime Fund, the Alberta Lottery Fund, and the Alberta Gaming and Liquor Commission. The executives of the individual entities within the ministry have the primary responsibility and accountability for the respective entities. Collectively, the executives ensure the ministry complies with all relevant legislation, regulations and policies.

Ministry business plans, annual reports, performance results and the supporting management information are integral to the government's fiscal and business plans, annual report, quarterly reports and other financial and performance reporting.

Responsibility for the integrity and objectivity of the consolidated financial statements and performance results for the ministry rests with the Minister of Solicitor General and Public Security. Under the direction of the Minister, I oversee the preparation of the ministry's annual report, including consolidated financial statements and performance results. The consolidated financial statements and the performance results, of necessity, include amounts that are based on estimates and judgments. The consolidated financial statements are prepared in accordance with the Canadian generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

As Deputy Solicitor General and Deputy Minister of Public Security, in addition to program responsibilities, I establish and maintain the ministry's financial administration and reporting functions. The ministry maintains systems of financial management and internal control which give consideration to costs, benefits, and risks that are designed to:

- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded to maintain accountability of public money;
- provide information to manage and report on performance;
- safeguard the assets and properties of the province under ministry administration;
- provide Executive Council, Treasury Board, the Minister of Finance and Enterprise, and the Solicitor General and Minister of Public Security any information needed to fulfill their responsibilities; and
- facilitate preparation of ministry business plans and annual reports required under the *Government Accountability Act*.

In fulfilling my responsibilities for the ministry, I have relied, as necessary, on the executive of the individual entities within the ministry.

Original signed by

Brad Pickering
Deputy Solicitor General and Deputy Minister of Public Security
September 13, 2010

Results Analysis

Ministry Overview

The vision of Solicitor General and Public Security (SGPS) is to ensure Albertans have safe and secure communities in which to live, work, and raise their families. The ministry works with stakeholders and partners to promote safe, secure communities through effective law enforcement, crime prevention, correctional services, and victim services. It also ensures integrity, accountability, and social responsibility in Alberta's gaming and liquor industries. Ministry goals are accomplished through the following divisions and branches.

Public Security Division
This division is responsible for the administration of the *Police Act, Security Services and Investigators Act, Peace Officer Act, Safer Communities and Neighbourhoods Act*, and *Victims of Crime Act*, including oversight and governance of police, integrated policing initiatives, provincial policing standards, municipal policing grants, crime prevention and restorative justice initiatives, and victims' programs. The division also provides court and prisoner security, traffic safety enforcement, surveillance support and manages counter-terrorism security information.

Correction Services Division
This division is responsible for the administration of the *Corrections Act, Correctional Institution Regulation, Designated Correctional Institutions Order, Fine Option Order, Youth Justice Act* and *Youth Justice Designation Regulation*, and the federal *Prisons and Reformatories Act* and *Youth Criminal Justice Act*, including pre-trial supervision, community and custody sentences, alternative sanctions, and rehabilitation programs.

Corporate Services Division
This division is responsible for strategic leadership, advice and support in the areas of: financial services; business services; planning and reporting; policy and legislation; freedom of information and protection of privacy; and records management. The department's Staff College provides enforcement-based education and training, adult-learning curriculum design and analysis, operational research and leadership development. The division also oversees the administration of the Law Enforcement Review Board and Criminal Injuries Review Board.

Information Technology Branch
This branch is responsible for information and communication technologies and automated business applications, as well as cross-agency solutions that support interoperability between public security service providers.

Human Resources Services Branch
This branch is responsible for employee/labour relations, staffing, compensation, organizational design, job evaluation, training and development, occupational health and safety, and health and wellness initiatives.

Communications Branch
This branch is responsible for strategic communications, issues management, and media relations.

Agencies, Boards, and Commissions

The following agencies, boards and commissions are part of the Ministry of Solicitor General and Public Security:

Alberta Gaming and Liquor Commission (AGLC)

The AGLC, a Crown commercial enterprise and agent of the Government of Alberta, operates under the authority of the *Gaming and Liquor Act*.

The AGLC's role, through its board and management, is to administer the *Gaming and Liquor Act* and Regulation and related policies. The AGLC is responsible for regulating Alberta's charitable gaming activities and for conducting and managing provincial gaming activities. It also controls the manufacture, importation, sale, purchase, possession, storage, transportation, use and consumption of liquor in Alberta. More information on the AGLC can be found in their annual report.

Criminal Injuries Review Board

This board hears requests for reviews concerning the financial benefits paid to victims of crime under the *Victims of Crime Act*. It may request persons with specialized knowledge to assist with a review and has the power to confirm or vary decisions made by the director.

Law Enforcement Review Board

An independent, quasi-judicial body established under the *Police Act*, this board hears appeals from citizens who have filed a complaint regarding the actions of a police officer and who are not satisfied with the disposition of their complaint. Police officers who have been the subject of discipline arising out of a complaint may also appeal to the board. It also conducts hearings on appeals from private investigators or security guards who have had their licences refused and from special constables regarding the cancellation of their appointments.

Racing Appeal Tribunal

The Racing Appeal Tribunal was established under the *Horse Racing Alberta Act* and consists of members appointed by the Minister. The tribunal hears appeals under the *Act* arising from rulings or directions of horse racing officials. The tribunal's costs are borne by Horse Racing Alberta. More information on the Racing Appeal Tribunal can be found in the Horse Racing Alberta Annual Report.

Victims of Crime Programs Committee

This committee is appointed by the minister to make recommendations on grant applications, and to provide information with respect to programs and services that assist victims of crime.

Review Engagement Report

To the Members of the Legislative Assembly

I have reviewed the performance measures identified as "Reviewed by Auditor General" included in the *Ministry of Solicitor General and Public Security's 2009-10 Annual Report*. These performance measures are prepared based on the following criteria:

- Reliability – Information agrees with the underlying data and with sources used to prepare it.
- Understandability and Comparability – Actual results are presented clearly and consistently with the stated methodology and presented on the same basis as targets and prior years' information.
- Completeness – performance measures and targets match those included in Budget 2009. Actual results are presented for all measures.

My review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of enquiry, analytical procedures and discussion related to information supplied to my Office by the Ministry. My review was not designed to provide assurance on the relevance of these performance measures.

A review does not constitute an audit and, consequently, I do not express an audit opinion on these performance measures.

Based on my review, nothing has come to my attention that causes me to believe that the "Reviewed by Auditor General" performance measures in the Ministry's 2009-10 Annual Report are not, in all material respects, presented in accordance with the criteria of reliability, understandability, comparability, and completeness as described above. However, my review was not designed to provide assurance on the relevance of these performance measures.

Original signed by Merwan N. Saher, CA
Auditor General

Edmonton, Alberta
September 3, 2010

Performance Measures Summary Table

Core Business/Goal/Performance Measure		Prior Years' Actuals 2005-06	2006-07	2007-08	2008-09	Target 2009-10	Current Actual
Law Enforcement and Crime Prevention							
1	**Leadership for effective and innovative law enforcement**						
1.a*	Victimization Rate (per cent)[1]	24	25	23	22	**25**	23
1.b	Property Crime Rate (per 100,000 population)[2] See Note 1	6,503	6,229	6.055	5,711	**No more than 25 per cent higher than the national rate (4,081)**	5,336 (31 per cent higher)
1.c	Violent Crime Rate (per 100,000 population)[2] See Note 1	1,497	1,490	1,498	1,541	**No more than 16 per cent higher than the national rate (1,314)**	1,513 (15 per cent higher)
2	**Crime prevention and safety programs support safe Alberta communities**						
2.a	Public Perception of Safety in the Home (per cent)[1]	92	93	93	91	**No lower than 90**	91
2.b*	Public Perception of Safety in the Neighbourhood (per cent)[1]	72	75	75	73	**82**	78
3	**Officials and infrastructure in Alberta are safe and secure**						
3.a*	Satisfaction with Services or Information from the Alberta Security and Strategic Intelligence Support Team (ASSIST) (per cent)[3]	85	85	82	87	**87**	No new data available
Correctional Supervision and Rehabilitation for Offenders							
4	**Secure and efficient custody and community supervision**						
4.a	Successful Completion of Temporary Absence Supervision (per cent)[4]	99.9	99.7	99.9	99.9	**No lower than 99**	99.8
4.b*	Number of Escape Incidents from Secure Custody within a Correctional Facility or During Transport[5]	2	2	0	1	**0**	0
5	**Offenders have the opportunity to access rehabilitative services and programs**						
5.a*	Percentage of Incarcerated Offenders Involved in Work, Education, Treatment or Life Management Programs[4]	88	89	90	89	**No lower than 85**	89

Core Business/Goal/Performance Measure		Prior Years' Actuals 2005-06	2006-07	2007-08	2008-09	Target 2009-10	Current Actual
6	**Victims of crime receive assistance, information and support**						
6.a*	Satisfaction with Services Provided by Employees and Volunteers within the Criminal Justice System (converted from a 5.0 scale to a per cent)[6]	4.02 (80.4 per cent)	3.99 (79.8 per cent)	4.06 (81.2 per cent)	4.09 (81.8 per cent)	**4.0 (80 per cent)**	4.12 (82.4 per cent)
7	**Alberta's liquor and gaming activities are conducted with integrity and in a socially responsible manner**						
7.a	Satisfaction with the Conduct of the Liquor Business (per cent)[7]	78	79	78	77	**80**	78
7.b	Satisfaction with the Conduct of Legal Gaming in Alberta (per cent)[7]	71	74	73	72	**70**	79

*** Indicates Performance Measures that have been reviewed by the Office of the Auditor of the General**

The performance measures indicated with an asterisks were selected for review by ministry management based on the following criteria established by government:

1. Enduring measures that best represent the goal and mandated initiatives,
2. Measures that have well established methodology and data reporting, and
3. Measures that have outcomes over which the government had a greater degree of influence.

Sources:
(1) Alberta Solicitor General and Public Security 2009-10 Public Opinion Survey and Alberta Justice 2009-10 Public Opinion Survey – Resinnova Research Inc.
(2) Crime Statistics in Canada, Canadian Centre for Justice Statistics
(3) Alberta Security and Strategic Support Team 2009 Client Satisfaction Survey – Resinnova Research Inc.
(4) Administrative data, Correctional Services Division
(5) Administrative data, Correctional Services and Public Security Divisions
(6) Client Satisfaction Survey, Public Security Division
(7) 2010 Alberta Gaming and Liquor Commission Public Opinion Survey – Leger Marketing

Note 1: Statistics Canada changed its reporting format for crime rates released in July 2010 (Performance Measures 1.b and 1.c). The previously reported crime rates have been revised to correspond with the new reporting format. Therefore these crime rate results are not directly comparable with the Government of Alberta Measuring Up released in June 2010.

See the Performance Measure Data Sources and Methodology section of the Annual Report for further details (page 50).

Discussion and Analysis of Results

2009-2010 Ministry Financial Highlights

Table 1
Revenues (in thousands)

2009-10 Budget	2009-10 Actual	2008-09 Actual
$ 2,446,778	$ 2,185,894	$ 2,263,558

Budget to Actual

Ministry revenues in 2009-10 were $260.8 million lower than budgeted. This was primarily due to $164.3 million lower than expected liquor related revenues caused mostly by the reversal of the liquor mark-up increase and $87.1 million lower gaming revenue due to the downturn in the economy. Transfers from the Government of Canada were lower by $6.0 million due to delayed hiring of new officers under the Federal Police Officer Recruitment Fund. Lower interest rates resulted in lower Investment Income of $3.8 million. Proclamation of the new Security Services and Investigators Act (SSIA) was delayed resulting in $1.2 million lower revenue under Premiums, Fees and Licences. These lower revenues were offset by $1.6 million higher than expected recoveries for Enhanced Policing Services.

Actual to Actual

Total revenue decreased by $77.6 million or 3.4 per cent to $2.2 billion in comparison to 2008-09 revenues of $2.3 billion. The decrease is primarily related to $106.7 million lower gaming revenues due to the economic downturn. Investment income decreased by $8.6 million mainly due to lower interest rates as well as lower revenue. This was offset by an increase of $31.3 million in liquor related revenues due to the liquor mark-up increase that was in effect for three months before its reversal, $4.7 million higher transfers from Government of Canada due to the Police Officer Recruitment Fund and the number of Federal Inmates held in Provincial custody, and $1.7 million increase in other revenues primarily due to recoveries for Enhanced Policing Services.

Table 2
Expenses (in thousands)

2009-10 Budget	2009-10 Actual	2008-09 Actual
$ 2,124,104	$ 2,017,305	$ 2,099,267

Budget to Actual

Ministry expenses were $106.7 million under the original budget of $2.1 billion. The under-expenditure is primarily the result of a: $90.3 million lower than expected Lottery Fund payments due to the downturn in the economy; $5.8 million surplus under the Federal Police Officer Recruitment Fund caused by a hiring delay of new officers; $4.8 million surplus due to lower RCMP contract costs resulting from lower FTE utilization for Organized Crime ($3.4 million) and for Provincial Police Service Agreement ($1.4 million); and $5.8 million surplus due to the government-wide hiring freeze and required in-year savings.

Actual to Actual

Ministry expenses were $81.9 million or 3.9 per cent lower than in the previous year. The under expenditure was mainly due to $114.5 million lower Lottery Fund payments than in the prior year due to lower gaming revenues resulting from the downturn in the economy. Valuation adjustments were $3.0 million lower as a result of ministry-wide initiative to reduce vacation balances.

The under expenditures were primarily offset by increased:

- Public Security Division expenditures of $23.5 million due to $13 million for Police Officer hiring grants to municipalities, $3.9 million for increased contract costs under the Provincial Police Service Agreement, $1.9 million for Organized Crime, and $1.3 million for First Nations Policing due to higher FTE utilization and inflation and a further $1.8 million for Municipal Policing Assistance Grants costs due to population growth. $1.6 million relates to salary settlements and annual increments.
- Correctional Services Division expenditures of $10.6 million, due to $9.2 million for salary settlements and annual increments, $5.0 million for operational realignment allowance and $1.1 million for transitional grant funding to the Kainai Correctional Centre. This was offset by $2.7 million decrease relating to the closure of the Grande Prairie Young Offender Centre and $2.0 million in reduced spending for supplies and services to achieve in-year savings.
- Ministry Support Services expenditures of $2.4 million due to Information Technology costs for hardware and software purchases, ever-greening equipment, network replacements and manpower costs.

Table 3 summarizes the ministry's expenses by function.

Table 3
Ministry of Solicitor General and Public Security 2009-10 Expense by Function (in thousands)

Function	2009-10 Budget	2009-10 Actual	2008-09 Actual
Protection of Persons and Property	$ 598,978	$ 586,058	$ 551,975
Social Services	27,199	23,727	25,175
Recreation and Culture	1,600	1,526	1,561
Lottery Fund Payments			
Health	392,034	392,034	260,495
Transportation, Communications and Utilities	375,000	301,792	195,000
Education	246,087	246,087	175,787
Recreation and Culture	173,711	171,504	466,314
Regional Planning and Development	136,200	131,768	128,075
Agriculture, Resource Management and Economic Development	107,270	96,784	173,060
Social Services	63,500	63,500	63,500
Protection of Persons and Property	2,025	2,025	2,025
Environment	500	500	500
General Government	–	–	55,800
Ministry Expense	$ 2,124,104	$ 2,017,305	$ 2,099,267

Core Business 1
Law Enforcement and Crime Prevention

Core Business 1 promotes safe communities through effective policing, law enforcement and integrated crime reduction strategies. The ministry provides oversight for policing and law enforcement in Alberta; and ensures effective policing in communities. The ministry works with communities and government agencies to develop and implement community safety programs, including integrated solutions to crime prevention. The ministry provides security for elected officials, government property and operations; and is responsible for coordinated intelligence/crisis management planning.

GOAL 1 Linked to Core Business 1 – Law Enforcement and Crime Prevention
Leadership for effective and innovative law enforcement

The ministry ensures adequate and effective policing in the province by providing provincial policing through the RCMP and municipal policing assistance grants to municipalities. Through collaboration, the province develops and monitors policing standards, advises and monitors civilian oversight bodies, establishes partnerships, coordinates province-wide policing and enforcement initiatives and works with other levels of government. The ministry also oversees peace officers and private security personnel, as well as supports law enforcement through integrated sheriffs programs.

Civilian Oversight for Policing and Law Enforcement

Ministry oversight for policing and law enforcement includes modernization of the province's legislative framework; development and enforcement of policing standards; and accountability to the public through enhanced civilian oversight mechanisms.

Over the past several years, the ministry has worked with law enforcement and public safety partners toward completion of a modernized legislative framework for law enforcement and public safety in Alberta. The *Peace Officer Act* clarifies the roles and responsibilities of peace officers and strengthened qualifications, training standards and accountability. The *Security Services and Investigators Act* to be proclaimed in 2010 integrates private security into the government's overall strategy for public safety. This new legislation replaces the *Private Security Guards and Investigators Act*, and will ensure that a larger portion of the security industry is regulated and standards for licensing, training and testing of private security personnel will be established.

The ministry ensures that all police services in Alberta are in compliance with legislative requirements and policing standards. Policing standards direct police agencies on how to structure their business practices and the ministry conducts on-site audits of police agencies. Ministry staff also work with policing stakeholders and other government departments to provide orientation, training and policy development support to policing committees and other civilian oversight bodies.

Effective civilian oversight is essential to maintaining public confidence in policing and law enforcement. Over the past several years, new governance and oversight mechanisms have been established in Alberta. Amendments to the *Police Act* resulted in enhancements to existing processes for investigating police misconduct. The Alberta Serious Incident Response Team (ASIRT) continues to investigate certain serious or sensitive matters involving police as directed by the Director of Law Enforcement.

ASIRT
2008 – 21 investigations (20 completed)
2009 – 30 investigations (29 completed);
2010* – 15 investigations (3 completed) *As of July 2010
ASIRT was established in 2007 pursuant to Section 46.1(2) of the *Police Act*, and includes a civilian Director, seconded police officers and civilian investigators. Since inception, ASIRT has completed a total of 66 investigations (79 per cent) with 21 per cent still active.

The Provincial Public Complaints Director serves as a resource for Albertans to file a complaint. Mechanisms are being established to ensure accountability of other law enforcement and public security personnel, including Alberta Sheriffs and private security personnel.

The ministry continues to work with police services across the province to measure and report consistent data, in order to provide reliable and valid statistical information related to complaints in Alberta. Improved statistical data will assist in evaluation and inform future legislation and policing standards and guidelines.

Effective Policing for Alberta Communities

The ministry ensures effective policing for Alberta communities through agreements with the RCMP and the federal government, through policing grants to municipalities that provide their own policing, and through policing agreements with respect to First Nations communities.

A continuing priority in 2009-10 was negotiation of the Provincial Policing Service Agreement (PPSA) with the federal government. The current agreement, under which the RCMP provides the Provincial Police Service, expires in March 2012. Negotiation of a new agreement is a national initiative, involving 11 provinces and territories seeking to modernize relationships between all parties involved in policing.

In 2008, the Government of Alberta announced long-term investments to support key recommendations from the Crime Reduction and Safe Communities Task Force (see Goal 2). These investments included additional front-line police officers to help ensure that Alberta neighbourhoods and communities will be safe. In 2009-10 the second wave of an additional 100 front-line police officers were deployed in Alberta communities, for a total of 200 officers (and $20 million) year-to-date.

Premiers' Commitment for Additional Front-line Police Officers for Alberta Communities

	2009-10	2008-09	Total
Calgary Police Service	41 officers	41 officers	82 officers
Edmonton Police Service	35 officers	35 officers	70 officers
RCMP-Municipal Contract Positions	20 officers	20 officers	40 officers
Lethbridge Police Service	3 officers	NA	3 officers
Camrose Police Service	1 officer	NA	1 officer
Medicine Hat Police Service	NA	3 officers	3 officers
Taber Police Services	NA	1 officer	1 officer
			200 Officers

Additional policing resources were also provided to Alberta's Métis Settlements in 2009-10. An enhanced policing agreement between the Government of Alberta and the Métis Settlements General Council resulted in five RCMP community police officers working with the eight Métis Settlements. This pilot project will provide a more comprehensive police presence and contribute to development of a long-term policing vision and strategy for the Settlements.

Law Enforcement Partnerships

The Alberta Law Enforcement Response Teams (ALERT) oversee province-wide initiatives directed at critical criminal activity pressures, including organized crime, drug operations, child exploitation and domestic violence. ALERT provides integrated, specialized police services to address complex, multi-jurisdictional crime.

In 2009-10, the operations of certain Alberta Sheriffs units were integrated with ALERT. More than 400 personnel, including police officers from nine agencies, peace officers and civilian staff, were involved in ALERT activities. ALERT has increased collaboration among law enforcement agencies and with other jurisdictions in combating organized and serious crimes.

During 2009-10, ALERT targeted 55 groups or "subjects of interest" through intelligence investigations. Operational investigations resulted in 3,040 charges against 853 individuals. Drugs in excess of $104 million and almost $833,000 in cash were seized.

Other results from specialized ALERT operations in 2009-10 included:

- **Preventing Child Exploitation**: The Integrated Child Exploitation (ICE) Unit laid 235 charges against 92 accused individuals. ICE provided assistance to child exploitation investigations in provincial, national, and international contexts.
- **Fugitive Apprehension Sheriffs Support Teams (FASST):** cleared 2,175 warrants by arresting 339 fugitives.
- **Safer Communities and Neighbourhoods (SCAN):** The sheriff SCAN units concluded 306 investigations and obtained Community Safety Order to shut down two properties.
- **Domestic Violence Prevention:** The Integrated Threat and Risk Assessment Centre (I-TRAC), formally the Alberta Relationship Threat Assessment and Management Initiative, received 120 new cases in 2009-10, and provided 59 training presentations and training sessions to groups such as the Alberta Council of Women's Shelters, Blood Tribe Police Service and the Calgary Sexual Assault Centre. I-TRAC also worked on dozens of threat assessments for agencies across the province.

Alberta Police and Peace Officers' Memorial Day

Alberta Police and Peace Officers' Memorial Day takes place on the last Sunday of September. It commemorates all Alberta police and peace officers killed in the line of duty.

The 11th annual Alberta Police and Peace Officers' Memorial Day Ceremony took place on September 27, 2009 at the Alberta Legislature Grounds.

This day coincides with the National Police and Peace Officers' Memorial Day Ceremony on Parliament Hill in Ottawa.

Since 1876, 95 police and peace officers have died in the line of duty in Alberta (as of July 2010).

During 2009-10, the surveillance team assigned to the Priority Prolific Offender Program was moved under the ALERT umbrella and they have now assumed responsibility. This case management initiative known as the Priority Prolific Offender Program (PPOP) remains within the ministry and was implemented in response to addressing challenges associated with chronic repeat offenders. PPOP addresses recommendation #19 from the Crime Reduction and Safe Communities Task Force (see Goal 2). This initiative involves criminal justice partners (police, probation officers, sheriffs and the Crown) working together to provide intensive bail supervision of repeat offenders who commit a large percentage of crime in Alberta. Over the past year, 60 priority offenders were identified and comprehensive bail and sentencing packages were developed for use by the Crown.

Chronic Offenders Practitioners Conference

The first Federal/Provincial/Territorial Chronic Offenders Practitioners Conference was held in Edmonton in January 2010.

Practitioners from the criminal justice system, the health and social services fields and community organizations shared information on working with chronic offenders.

The conference was co-hosted by the ministry and Public Safety Canada and included presenters from the ministry's public security and correctional services divisions.

In 2009-10, the ministry worked in partnership to develop new legislation to assist in addressing important public safety concerns. The new *Gunshot and Stab Wound Mandatory Disclosure Act* will provide clarity for health care professionals, including emergency medical personnel, on reporting all gunshot wounds and a defined range of stab wounds. The *Act*, which came into force in 2010, is intended to balance patients' rights to privacy of health information with law enforcement's need for information to help keep the public safe.

Law Enforcement Framework

The ministry continued to lead development of a new law enforcement framework to more effectively and efficiently coordinate enforcement activities and keep pace with societal and technological changes.

A law enforcement framework discussion paper, developed during 2008-09, was the subject of extensive stakeholder consultations in 2009-10. Recommendations for a modernized law enforcement framework for Alberta will be developed following the conclusion of consultations with law enforcement partners and stakeholders. Consultations will continue in 2010-11.

As recommended by the Roundtable on the Future of Policing (2007), a revised law enforcement framework for Alberta will focus on three major areas:

1. strengthening service delivery;
2. ensuring accountability to Albertans; and
3. funding law enforcement effectively.

Common Technology and Agency Interoperability

In 2009-10, continued progress was made on information technology initiatives that will enhance the safety and security of Albertans by improving the ability of agencies to work together in gathering, sharing and communicating information.

The Alberta First Responders Radio Communication System will connect provincial government departments, law enforcement agencies (RCMP, Sheriffs and police), fire departments and first emergency responders. The new system will enable all parties to better coordinate activities and support each other in the case of serious incidents or natural disasters. Construction of the new radio system is expected to commence in 2010-11.

The Alberta Police Integrated Information Initiative (API3) is a long-term project to introduce common computer information systems for use by the RCMP, Sheriffs, and all municipal and First Nation police agencies in Alberta. The new system will replace individual systems currently held by different agencies and combine them into a single source for law enforcement records. The new system will be particularly useful for police in dealing with increasingly complex and mobile criminal activity. The API3 will result in improved officer and public safety. It will also enhance data collection and provide a basis for tracking of long-term trends in criminal and law enforcement activity in Alberta.

Implementation of the API3 will include standardized technology and policing procedures, as well as a common computer-aided dispatch application for all agencies. Installation is expected to begin late in 2010.

Law Enforcement Training

In 2009-10, ministry staff both attended and provided a variety of training opportunities. This included Law Enforcement Justification Training in partnership with ALERT, AMBER Alert training for law enforcement, and Family Violence police training sessions with 320 participants for four sessions. The ministry also conducted 11 industry training sessions regarding the *Security Services and Investigators Act* introducing them to qualifications, requirements and the implementation process.

Additionally in the past year the ministry's Staff College delivered an array of programs as well as continued to move forward on its organizational restructuring. Particular courses of interest conducted at the college included the 9 week Solicitor General Recruit Induction training, 6 week Community Peace Officer Induction program, and Perimeter Induction training. Other course areas focused on leadership and supervisory development, Emergency Vehicle Operations, control tactics and effective facilitation.

Crime Severity Index

In 2009-10, Statistics Canada introduced the new crime severity index (with ten years historical data) that measures the seriousness of crime reported to police. The Crime Severity Index is a complementary measure to traditional crime rates. The crime rate (property and violent) measures the volume of crime reported to the police, while the Crime Severity Index measures its seriousness. All offences are included in the Crime Severity Index, and are weighted based on sentencing. The higher the average sentence the greater the weight for the offence.

In 2009-10, Alberta's crime severity index was 104.6, which is a decrease of 7 per cent from 2008-09, but 20 per cent higher than the national index. However, Alberta's crime severity has decreased by 16 per cent since 2003, and is the lowest of the four western provinces.

Performance Measure Results

Performance Measure 1.a – Victimization Rate

Performance Measure	Actuals 2005-06	2006-07	2007-08	2008-09	2009-10	Target
1.a Victimization Rate (per cent)	24	25	23	22	23	25

In 2009-10, 23 per cent of Albertans surveyed identified as being a victim of a crime in the past year. This is one percentage point higher than last year's result and two percentage points lower than the business plan target of 25 per cent.

Performance Measure 1.b – Property Crime Rate

Performance Measure	Actuals 2005-06	2006-07	2007-08	2008-09	2009-10	Target
1.b Property Crime Rate (per 100,000 population)	6,503	6,229	6,055	5,711	5,336 (31 per cent higher)	No more than 25 per cent higher than the national rate (4,081)

Alberta's property crime rate was 5,336 per 100,000 population in 2009-10, which is 31 per cent higher than the national average and is 6 per cent higher than the business plan target. In 2009-10, Statistics Canada moved to a new method of reporting police-reported crime in Canada. This new method changed the counting rules so that all offences in an incident are counted, which has increased the rates for both the province and Canada overall. The change has also expanded the number of criminal code violations included in the crime rates (see the performance measures methodology section on page 50 for further details).

Performance Measure 1.c – Violent Crime Rate

Performance Measure	Actuals 2005-06	2006-07	2007-08	2008-09	2009-10	Target
1.c Violent Crime Rate (per 100,000 population)	1,497	1,490	1,498	1,541	1,513 (15 per cent higher)	No more than 16 per cent higher than the national rate (1,314)

Alberta's violent crime rate was 1,513 per 100,000 population in 2009-10, which is 15 per cent higher than the national average, and meets the business plan target of no more than 16 per cent higher than the national rate. In 2009-10, Statistics Canada moved to a new method of reporting police-reported crime in Canada. This new method changed the counting rules so that all offences in an incident are counted, which has increased the rates for both the province and Canada overall. The change has also expanded the number of criminal code violations included in the crime rates (see the performance measures methodology section on page 50 for further details). Of the four western provinces, Alberta continued to have the lowest violent crime rate in 2009-10, and had the greatest drop in homicides with a 14 percent decrease from 2008-09.

GOAL 2 Linked to Core Business 1 – Law Enforcement and Crime Prevention

Crime prevention and safety programs support safe Alberta communities

To proactively address crime and public safety in the province, the ministry works extensively to engage communities, various levels of government and other agencies in fostering locally effective crime prevention and community safety programs. In addition, there are a number of correctional services programs that support crime prevention initiatives (see Goals 4 and 5).

Community-Based Crime Prevention

The ministry supports community-based crime prevention and safety initiatives, such as, public awareness and education, training, and support for communities and law enforcement agencies to work together to prevent or deter criminal activity. The ministry also works with other Alberta ministries and non-government agencies to address causes and effects of crime.

Results for community-based crime prevention initiatives in 2009-10 include:

- **Community Crime Prevention**
  The Alberta Community Crime Prevention Grant program supports non-profit and community-based organizations to undertake projects to prevent crime and make their communities safer. In 2009-10, the ministry provided $600,000 in grants to support 17 projects, including education for young parents, community safety, youth mentorship, community awareness and outreach.

- **Alberta Crime Prevention Week**
  This annual event increases awareness of crime prevention among Albertans and recognizes the crime prevention efforts of individuals and organizations. Crime prevention week 2009 took place from May 10 to 16.

Alberta Crime Prevention Week

An annual campaign to increase awareness of crime prevention and encourage Albertans to help make our communities safe

Crime Prevention Week 2009 featured the 18th annual Alberta Solicitor General and Public Security Crime Prevention Awards. The event was co-hosted by the ministry and the Edmonton Police Service.

Six Crime Prevention Awards were presented to recognize outstanding efforts in making neighbourhoods safer, helping at-risk youth, and raising awareness about crime prevention.

Award categories included individuals, community organizations, police, business, media, and youth leadership.

- **Aboriginal Community Crime Prevention**
  The ministry provides support for Aboriginal communities to develop and implement their own community safety initiatives. In 2009-10, the ministry provided $265,146 in funding to Aboriginal organizations for four crime prevention co-ordinators serving 12 communities. The ministry also worked collaboratively with the National Crime Prevention Centre to further crime prevention initiatives in First Nation communities.

- **Restorative Justice**
  The Alberta Community Restorative Justice Grant program supports community-based projects that enhance awareness of restorative justice processes and increase capacity to deliver these programs. These processes and programs focus on enabling offenders to understand how their actions have affected victims and communities. In 2009-10, the ministry provided $351,000 in grant funding to support 13 community-based restorative justice projects. The ministry also continued to support the Alberta Restorative Justice Association, a provincial body that provides support, best practices and education related to restorative justice.

Traffic Safety: Alberta Sheriff Highway Patrol

The Alberta sheriff highway patrol was introduced in 2006 as part of the government's efforts to make provincial highways safer. Since the inception of the program, highway patrol sheriffs have issued more than 300,000 violations (see Table 4). Alberta currently has 107 traffic sheriffs.

Table 4
Results from the Alberta Sheriff Highway Patrol

Enforcement Statistics	2009-10 (fiscal year)	2008-09 (fiscal year)	Since Program Inception (September 1, 2006)
Total Violations	110,001	114,143	327,041
Total Collisions Attended	524	416	1,284
Suspected Impaired Drivers Removed from the Road	677	606	1,697
Traffic Service Requests from the Public	119	228	487

Alberta Sheriff Highway Patrol Results
Traffic sheriffs assisted police at 80 Enhanced Alberta Checkstops which were funded by the Office of Traffic Safety and held in addition to police services' regular Checkstop programs. These Enhanced Alberta Checkstops resulted in:

- 36,515 vehicles checked
- 149 impaired drivers
- 305 (24 hour) suspensions
- 2,178 other charges
- 91 warrants executed
- 495 vehicles towed

The impaired driving rate for Alberta in 2009 was 477 per 100,000. This is the same as 2008-09, while the national rated increased by 3 per cent. In 2009-10, the number of traffic fatalities decreased by 14 per cent from the previous year, and 23 per cent from 2007. The number of traffic injuries decreased by 13 per cent, and the number of collisions decreased by 0.5 per cent from last year.

Traffic Fatalities and Injuries

AB Transportation	**2005**	**2006**	**2007**	**2008**	**2009**
Number Killed	466	453	458	410	351
Number Injured	24,504	25,964	24,530	22,015	19,167
Number of Collisions (Fatal, Injury and Non-Injury)	124,206	142,592	153,901	158,005	157,226

Sources: Alberta Traffic Collision Statistics (Alberta Transportation)

The ministry's public opinion survey asked those who travel on Alberta's highway's (95 per cent of respondents) their opinion on the impact of Alberta's traffic sheriffs. 80 per cent indicated they "strongly" or "somewhat agreed" that the traffic sheriffs are making a positive difference on Alberta's highways. This is an increase of four per cent from last year.

Alberta sheriffs and the RCMP began collaborating on the delivery of traffic services in 2009. Excellent communication facilitated coordinated traffic enforcement operations throughout the province, but no permanent structure existed between the two organizations. In 2009-10, a pilot project was undertaken to test integration models and reporting structures. The pilot project identified effective structures and practices which best contributed to successful delivery of traffic services. On February 8, 2010, the ministry and RCMP jointly announced that the formal integration of the two traffic agencies would proceed with a planned implementation during 2010-11.

Integrated Crime Reduction: Safe Communities

In 2008, Alberta began implementation of a long-term integrated approach to crime prevention that included enforcement, prevention and treatment/intervention. In 2009-10, the ministry continued working with the Safe Communities Secretariat and other partners to address the recommendations of the Crime Reduction and Safe Communities Task Force.

Task Force recommendation #6 resulted in the *Safer Communities and Neighbourhoods Act* (SCAN) which came into force in 2008. The sheriff SCAN Units became fully operational during 2009-10 and were then integrated with other law enforcement operations through the Alberta Law Enforcement Response Teams (ALERT).

Other 2009-10 results for implementation of the Task Force recommendations included:

- **Recommendation# 18**
  Increase the number of police officers:
  - Results: Second wave of 100 front-line police officers were added.
- **Recommendation #19**
  Take targeted action to address the serious problem of repeat offenders:
  - Results: The Priority Prolific Offender Program was established to provide a focused and comprehensive approach to the management of chronic repeat offenders (see Goal 1 and Goal 4).
- **Recommendation #12**
  Ensure meaningful consequences for criminal activity through closer monitoring of offenders, expanding the use of effective approaches to custody and requiring strict compliance with conditions of release:
  - Results: Additional probation officers were hired to provide enhanced supervision to offenders under community supervision (see Goal 4).
- **Recommendation #25**
  Expand access to mental health services and treatment
  - Results: The ministry worked with Alberta Health and Wellness and Alberta Health Services to enhance offenders' access to specialized addictions, medical and mental health services (see Goal 5).

Alberta Gang Reduction Strategy

The Alberta Gang Reduction Strategy will be a key component of a long-term crime prevention and reduction strategy for the province. This responds in part to recommendation #31 from the Crime Reduction and Safe Communities Task Force, and is expected in 2010-11.

In 2009-10, the ministry co-led this initiative with the Ministry of Justice and Attorney General through the Safe Communities secretariat.

The Alberta Gang Reduction Strategy provides a blueprint for action on gangs and gang-related violence. The mission of the strategy is to suppress gang activity and reduce the influence of gangs in Alberta by working with community partners to promote strong and vibrant communities.

The Alberta Gang Reduction Strategy has the following goals:

- reduce gang-related crime and violence in Alberta
- strengthen ongoing efforts to develop an integrated comprehensive, and sustainable approach to gang suppression.

Community insight and feedback was gathered through a series of community stakeholder meetings in April and May 2009. The Alberta Gang Crime Summit, held in Calgary in June 2009, focused on local priorities and implementation strategies. The summit was an opportunity to validate and inform the development of a provincial gang reduction strategy.

The Alberta Gang Reduction Strategy will have a phased-in implementation upon approval beginning in 2010-11.

Alberta also worked with other western provinces, through the western Attorneys General and Solicitors General, to encourage federal legislative change to address organized crime and gang violence. The western provinces are also working together to share best practices and improve integration and cooperation between agencies and across jurisdictions.

The Alberta Gang Reduction Strategy builds the ongoing inter-provincial work. Key inter-provincial initiatives include enhanced intelligence and information sharing and increased interagency collaboration to overcome jurisdictional barriers.

Performance Measure Results

Performance Measure 2.a – Public Perception of Safety in the Home

Performance Measure	Actuals 2005-06	2006-07	2007-08	2008-09	2009-10	Target
2.a Public Perception of Safety in the Home (per cent)	92	93	93	91	91	No lower than 90

In 2009-10, 91 per cent of respondents indicated that they felt "very safe" (54 per cent) or "reasonably safe" (37 per cent) from crime in their own home after dark (see note below). This result is the same as last year's result and meets the ministry's business plan target of no lower than 90 per cent.

Performance Measure 2.b – Public Perception of Safety in the Neighbourhood

Performance Measure	Actuals 2005-06	2006-07	2007-08	2008-09	2009-10	Target
2.b Public Perception of Safety in the Neighbourhood (per cent)	72	75	75	73	78	82

In 2009-10, the majority of Albertans (78 per cent) felt "very safe" or "reasonably safe" walking alone in their neighbourhood or area after dark. This is a five percentage point increase from the 2008-09 result of 73 per cent, however, falls short of the target of 82 per cent. Nineteen per cent indicated they feel "somewhat unsafe" or "very unsafe" walking alone in their neighbourhood or area after dark.

A five per cent variance in public perception is considered to be significant. Perceptions of safety in the neighbourhood are shaped by a number of factors including citizens' previous victimization experience, media reports of crime, and the experiences of friends and family. Additionally in 2009-10, the ministry contributed to programs and initiatives such as the Alberta Law Enforcement Response Teams, and *Safer Communities and Neighbourhoods Act* that may have positively impacted perceptions of safety.

GOAL 3 Linked to Core Business 1 – Law Enforcement and Crime Prevention

Officials and infrastructure in Alberta are safe and secure

The ministry is responsible for security of elected officials, government property and operations, including court and legislature security. It is also responsible for counter-terrorism, intelligence and crisis management planning in coordination with federal, provincial, municipal governments, industry partners and stakeholders.

Protection Services for Elected Officials, Property and Operations

The ministry provides protection services for elected officials, court-appointed staff and members of the judiciary. Protection services also provide assistance to police agencies at major community events. Implementation of a comprehensive provincial court security plan was solidified in 2009. As part of this plan, Alberta sheriffs provide perimeter and courthouse security services for Alberta's 74 courthouses.

Provincial Court Security
In 2009-10, perimeter security screened more than 1.7 million members of the public accessing Alberta courthouses, with a total of 6,793 prohibited items being confiscated.

In February 2010, the ministry sent 25 sheriffs to the Vancouver Olympics as part of the Integrated Security Unit spearheaded by the RCMP, which united law enforcement and the Canadian Forces to provide security for the Olympic Games.

As part of protecting government property and operations, including the legislature and government grounds in Edmonton and Calgary, protection services also work in partnership with federal agencies, other Alberta ministries and private industry within Alberta to safeguard the province's critical infrastructure.

Co-ordinated Gathering and Sharing of Security Information

The ministry provides dedicated resources through the Alberta Security and Strategic Intelligence Support Team (ASSIST), to prevent and mitigate intentional threats and acts against the province's critical infrastructure. ASSIST provides coordination with partners, including federal and provincial government departments, police services, intelligence agencies, industry and stakeholders, to provide intelligence and crisis management planning.

ASSIST provides technical security advice and support to all Government of Alberta ministries, agencies, boards and commissions. It monitors regulatory obligations and works with government and private sector partners to maintain security of the province's critical infrastructure. ASSIST is also responsible for maintaining the Alberta Counter-Terrorism Crisis Management Plan. This plan is continually reviewed to ensure that it meets current security requirements.

Building relationships with critical infrastructure partners continued as a key priority in 2009-10. Services included protection of energy infrastructure and co-ordinated exchange of information between partners and jurisdictions and value-added crisis management services.

Performance Measure Results

Performance Measure 3.a – Satisfaction with Services or Information from the Alberta Security and Strategic Intelligence Support Team (ASSIST)

Performance Measure		Actuals 2005-06	2006-07	2007-08	2008-09	2009-10	Target
3.a	Satisfaction with Services or Information from the Alberta Security and Strategic Intelligence Support Team (ASSIST) (per cent)	85	85	82	87	No new data available	87

In 2009-10, the ASSIST client satisfaction survey was not conducted as it moved to bi-annual rotation (every two years). The last results for this measure are from 2008-09, where 87 per cent of stakeholders were "satisfied" with the services or information they received from ASSIST.

This result represents an increase of five percentage points compared to the previous survey in 2007-08 and meets the ministry's business plan target of 87 per cent satisfaction. Satisfaction with ASSIST is impacted by the client based surveyed (stakeholders involved) and exposure of clients to ASSIST awareness presentations.

Core Business 2
Custody, Supervision and Facilitation of Rehabilitative Opportunities for Offenders

Core Business 2 promotes safe and secure Alberta communities by providing effective correctional services. The ministry provides trained staff, custody and community facilities and services to ensure that accused persons and offenders are securely held in custody, safely transported, and appropriately supervised in the community. The ministry also facilitates opportunities for offenders to access rehabilitative services and supports to promote positive and productive behaviour.

GOAL 4 **Linked to Core Business 2 – Custody, Supervision and Facilitation of Rehabilitative Opportunities for Offenders**

Secure and efficient custody and community supervision

The ministry ensures young and adult offenders are effectively and efficiently supervised in the community, securely held in custody, and safely transported.

Blueprint for the Future of Corrections in Alberta

In 2007, the ministry began implementation of the *Blueprint for the Future of Corrections*, a long-term plan to address the changing offender profile and inmate population pressures. The *Blueprint* includes strategies to enhance staff recruitment, training, retention and engagement, as well as best practices for managing custody and community supervision populations.

Many of the best practices recommended for managing custody and community supervision populations are being implemented. Another key initiative arising from implementation of the *Blueprint for the Future of Corrections* is enhanced use of information technology and integrated information systems for offender management.

Addressing Offender and Remand Population Pressures

The ministry manages correctional populations and facilities, including eight correctional and remand centres, two young offender centres, four attendance centre operations and more than forty community corrections offices throughout the province. Alberta correctional facilities hold individuals who have been remanded into custody and adult offenders sentenced to periods of custody of less than two years. Young offenders may serve longer custody periods, depending upon their sentence. Individuals held under the *Immigration and Refugee Protection Act* and adult offenders awaiting transfer to a federal penitentiary are also housed at Alberta correctional facilities, pursuant to agreements with the federal government.

The provincial adult in-house custody population continued to increase, averaging 2,907 in 2009-10 (compared to an average of 2,838 in 2008-09). This increase is due in part to recent amendments to the *Criminal Code* which have resulted in more admissions to both remand and sentenced custody, leading to increased inmate population pressures. The adult inmate population is projected to grow by another 23 per cent between 2010 and 2015. Proposed federal criminal law changes, if implemented, could result in a further increase in this growth rate.

The increasing custody population also continues to require more intensive supervision, with more gang-affiliated offenders and more individuals presenting with physical and mental health issues.

Some Characteristics of Alberta's Adult Offender Population

91 per cent of adult offenders are male; 9 per cent are female.

The average age of adult offenders is 33 years.

The most common age at admission is 22 years.

The average education grade level achieved by offenders is Grade 10.

Aboriginal offenders represent 37 per cent of the population (increase of one per cent from 2008-09).

Continuing growth in the number of individuals held in remand accounts for much of the increase in the provincial in-house custody population. Since 2006-07, remand inmates have constituted more than 50 per cent of the in-custody population in Alberta. Remand inmates comprised 58 per cent of the inmate population in 2009-10.

Interim solutions to managing pressures associated with the rising inmate population continued to be implemented throughout 2009-10. All provincial correctional centres except the Calgary Correctional Centre house remand inmates.

A long-term solution to overcrowding in the provincial correctional system is in sight, as construction on the new Edmonton Remand Centre (ERC) continued during 2009-10.

The new ERC is one of the largest current capital projects being undertaken by the Alberta government. Once completed, the facility will assist in addressing both current overcrowding and the expected future growth of the remand population.

The new ERC is comprised of housing unit pods, which contain living units. When operational in 2012, the centre will have 1,944 beds on a site with space to accommodate additional pods for a total of 2,808 beds, if future expansion is required.

The new ERC provides an opportunity to apply best practices in the management of inmate populations and to effectively utilize new technology in the management of correctional populations and facilities. The new ERC will be operated using the Direct Supervision model, which focuses on bringing programs and services to the units rather than moving the inmates between living units and other areas of the facility. This model increases access to programs and services and enhances security within the centre. The living units will have fresh air rooms, exercise rooms, meal service facilities, program rooms, inmate information kiosks, telephones, and video visitation stations.

Supervising Offenders in the Community

In addition to managing custody populations, the ministry is responsible for managing the community corrections population. In 2009-10, the average provincial caseload for community supervision programs in Alberta was 17,598 adults and 4,470 youth. The adult caseload has risen by 13 per cent since last year due to increased caseloads in three programs: pre-trial supervision increased by 40 per cent from 2,644 to 3,700, probation increased 5.5 per cent from 8,688 to 9,163, and pre-institutional fine option increased 53 per cent from 649 to 995.

Probation officers enforce court orders and provide supervision and rehabilitative intervention for individuals under community supervision. Types of community supervision include probation, pre-trial supervision and alternative measures for both adults and youth (see Table 5).

Table 5
Approximate Provincial Caseload for Selected Community Programs (Adults and Youth)

Type of Supervision	Adult Community Corrections	Youth Community Corrections
Probation	9,163	1,767
Pre-trial Supervision	3,700	488
Alternative Measures	1,062	n/a
Conditional Sentence	1,360	n/a
Extrajudicial Sanctions	n/a	962
Other Programs	2,313	1,253
Total Caseload All Programs	**17,598**	**4,470**

An additional 30 probation officers were recruited in 2009-10 to enhance the supervision of offenders under community supervision. Additional probation officers address recommendations #12 and #19 of the Crime Reduction and Safe Communities Task Force. These additions allow for more proactive involvement in the supervision of offenders. Probation officers are key partners working with the Priority Prolific Offenders Program (PPOP) to provide an intensive level of supervision and intervention services for chronic repeat offenders and to help break the cycle of incarceration.

Best Practices for Managing Offender Populations

The ministry continues to implement best practices for the management of correctional populations in custody and under community supervision. Using best practices is a key initiative related to implementation of the *Blueprint for the Future of Corrections*. Best practices that were utilized in 2009-10 included:

- **Evidence-based offender risk and needs assessment tools**
  Implementation of evidence-based offender risk and needs assessment tools began in 2008-09. In 2009-10, the Service Planning Instrument (for adult offenders) and the Youth Assessment and Screening Instrument (for young offenders) were fully incorporated into community corrections operations. These evidence-based offender assessment tools support a transition to a risk reduction model in the management of offenders under supervision in the community.

- **Direct Supervision**
  This effective custodial inmate management model uses direct monitoring of inmate behaviour. It is currently in place in young offender centres and some adult correctional facilities. Ministry staff are receiving specialized training (see Goal 5) to support them in further applying the direct supervision model, as this model will be incorporated into the operations of the new Edmonton Remand Centre.

- **Motivational Interviewing**
  This best practices intervention tool has been shown to positively impact rehabilitative efforts. Motivational interviewing is an approach that complements the direct supervision model of inmate management and the use of evidence-based risk and needs assessment tools.

Ministry staff continued to implement other best practices in corrections operations. Examples of innovative practices in 2009-10 included:

- **Electronic Monitoring**
  This innovative practice was first implemented in Alberta in 2005. Use of electronic monitoring has continued to expand each year, as this method has been shown to be both cost-effective and reliable in monitoring offender curfews.

- **Drug Detection Dog Program**
  The ministry's drug detection dog program continues to be an effective resource for the detection of illegal drugs in correctional and remand centres. Results for 2009-10 include 178 centre searches, 7,014 inmates searched, and detection of illegal drugs, weapons and other contraband.

- **Corrections Week**
  The second annual Alberta Corrections Week was held in Calgary in September 2009. Events profiled the work done by correctional services staff to support safe and secure communities. Open houses at the three correctional centres and attendance centre profiled the unique programs that provide opportunities for offender rehabilitation and reintegration into the community.

Judges to Jail Initiative
The Judges to Jail program was held in Calgary on May 14, 2009. This was a one-day pilot program for fourteen members of the judiciary who toured a remand centre, correctional centre and young offender centre. The judges were given an overview of the province's correctional centre operations, and offender rehabilitative opportunities. A similar program is planned for Edmonton in 2010.

Offender Management Information Systems

The information systems of the Correctional Services Division are integral to delivering services to achieve safe and secure communities for Albertans. However these systems are currently built on business practices and technologies of another era. A major systems renewal was required to support the division.

The Corrections Systems Renewal Initiative (CSRI), which began in 2008-09, was implemented to manage this major system renewal at a program level and will introduce significant enhancements to corrections technology in Alberta. One of the major projects within CSRI is the Offender Records and Correctional Administration (ORCA) Project which is overseeing the procurement and implementation of a new offender information management system.

The ministry's legacy offender management systems will be replaced with a single, fully integrated system. This system will provide increased access to information, improving and enabling business efficiencies. Integrated information technology systems will facilitate interoperability within corrections and among corrections and law enforcement agencies and other public safety partners. The ORCA system is under development and is expected to be implemented by 2012.

Performance Measure Results

Performance Measure 4.a – Successful Completion of Temporary Absence Supervision

Performance Measure		Actuals 2005-06	2006-07	2007-08	2008-09	2009-10	Target
4.a	Successful Completion of Temporary Absence Supervision (per cent)	99.9	99.7	99.9	99.9	99.8	No lower than 99

Offenders released under the Temporary Absence Program (early conditional release) are involved in employment, rehabilitative or community service programs. In 2009-10, almost all offenders (99.8 per cent) released under the program successfully completed their temporary absence supervisions without incurring new criminal charges. The result is comparable to last year and meets the business plan target of no lower than 99 per cent.

Performance Measure 4.b – Number of Escape Incidents from Secure Custody (within a Correctional Facility) or During Transport

Performance Measure		Actuals 2005-06	2006-07	2007-08	2008-09	2009-10	Target
4.b	Number of Escape Incidents from Secure Custody within a Correctional Facility or During Transport	2	2	0	1	0	0

The ministry tracks the number of escape incidents from provincial adult correctional and young offender facilities or during prisoner transport. In 2009-10, there were no escapes of offenders from the secure confines of a correctional facility or during prisoner transport. This meets the ministry's target of zero escapes.

Prisoner Transport
In 2009-10 sheriff and correctional peace officers completed approximately 128,000 inmate transfers, including court appearances, medical appointments, and transfers between correctional facilities.

GOAL 5 Linked to Core Business 2 – Custody, Supervision and Facilitation of Rehabilitative Opportunities for Offenders

Offenders have the opportunity to access rehabilitative services and programs

While under ministry supervision (community and custody), offenders are offered the opportunity to participate in a variety of rehabilitative programs. While the onus for change rests with the individual, it is believed that the change process can be facilitated through providing offenders with assistance and opportunities that promote positive and productive behaviours.

Offender Access to Rehabilitative Services

Provincial correctional centres, attendance centres and young offender centres offer a variety of programs to support offender rehabilitation and promote positive and productive behaviours. Core programming includes anger management, employment skills, family violence prevention, addictions awareness, life management skills and release planning. Academic programming helps offenders acquire basic literacy and numeracy skills, while employment training programs teach specific skills to benefit offenders upon their release. Some correctional facilities also offer specialized rehabilitation programs for offenders, including an impaired driving program, drug and alcohol awareness courses, chaplaincy services, psychological services, and Aboriginal cultural and spirituality programs.

Adult Offender Education Programs

The ministry and its service delivery partners continually review educational and other rehabilitative programming available to inmates and offenders to ensure its continuing relevance to the changing population. Correctional services focus on providing appropriate rehabilitation, treatment and custodial arrangements for inmates, to reduce their risk of re-offending and to support successful re-integration into the community.

Last year, an expert independent review identified gaps in current programming and best practice strategies for adult offender education and rehabilitation programs. The review made recommendations to address these gaps, including strategies that could be implemented at the new Edmonton Remand Centre.

In 2009-10, the ministry worked with the Alberta Advanced Education and Technology and other partners to develop a work plan to guide future education and rehabilitation program delivery for adult inmates and offenders. Work plans were developed to address the recommendations, although implementation of certain recommendations is contingent on additional funding.

Addictions and Mental Health Services for Offenders

The corrections population in Alberta continues to face increasingly complex health issues, including infectious diseases, addictions, mental health issues, and concurrent mental illness and addictions disorders.

In 2009-10, the ministry continued its work with Alberta Health and Wellness and Alberta Health Services to develop service delivery models to strengthen the provision of health care for inmates and offenders. The ministry also worked to enhance inmate and offender access to specialized medical, mental health and addiction services, as well as to enhance continuity of care upon return to the community. The new model will focus on assessment and treatment services within correctional centres and significantly strengthen transition services in the community to minimize the likelihood of offender relapse. This initiative supports recommendation #25 from the Crime Reduction and Safe Communities Task Force (see Goal 2).

Under this new delivery model, Alberta Health Services will become responsible for the delivery of health services in correctional facilities and target improving health outcomes for this high-needs population.

Support for Young Offenders and Youth at Risk

Young offender centres offer specialized rehabilitative programming for young offenders. The ministry continues to work with other government departments and service providers to improve transition programming for youth involved in the criminal justice system. Initiatives include enhancements to young offender program planning and delivery and enhanced educational opportunities for youth returning to the mainstream school system after leaving custody.

Some Characteristics of Alberta's Young Offender Population

90 per cent of young offenders are male; 10 per cent are female.

The average age of youth on admission is 15 years.

The average education grade level achieved by young offenders is Grade 9.

Aboriginal young offenders represent 41 per cent of the population (increase of one per cent from 2008-09).

The ministry participated in a number of initiatives to enhance support for young offenders and youth at risk in 2009-10. Results included:

- **Transition Programs for Young Offenders**
  Open-custody group homes for male young offenders in Edmonton ("BRIDGES") and for male and female young offenders in Calgary ("Excel Discovery") continued to offer specialized services aimed at decreasing criminal behaviours and substance abuse, and increasing pro-social behaviour. Alberta Health Services also offers a treatment program for adolescent sex offenders at Counterpoint group home.

- **Alberta Children and Youth Initiative**
  Solicitor General and Public Security is a partner in this cross-ministry initiative to ensure that provincial supports for youth in transition are comprehensive, integrated and effective. The ministry continued to participate on a cross-ministry team with eight other ministries implementing a 10-year strategic plan to address Fetal Alcohol Spectrum Disorder (FASD). The plan includes prevention programs as well as support for those affected by FASD and their caregivers. The ministry has also enhanced case planning for young persons with FASD who are in conflict with the criminal justice system.

- **Youth Criminal Justice Protocol**
  The ministries of Solicitor General and Public Security and Children and Youth Services developed a protocol that applies to individuals who are joint clients of both ministries. The protocol identifies guiding principles for both ministries, outlines information sharing requirements, specifies responsibilities for service delivery and costs, and establishes a structured and formalized communication network between the two ministries to resolve issues. The Youth Criminal Justice Protocol will result in more coordinated provision of services for youth.

- **Youth Justice Committees (YJCs)**
  The ministry supports these groups, which work in partnership with Alberta's justice system to provide youth with alternatives to the formal court process. YJCs provide diversion from the courts, sentencing advice and mentoring support. In 2009-10, the ministry provided $350,000 in grant funding to support YJCs. An additional $150,000 grant was provided to South Deerfoot Youth Justice Committee on behalf of all YJCs in support of the 9th annual Youth Justice Committee conference, held in Calgary from October 23 to 25, 2009.

Youth Justice Committees
There are 126 Youth Justice Committees across Alberta.

Almost 25 per cent of youth justice committees serve Aboriginal communities, providing Aboriginal youth with mentoring, elder support and a link to their cultural traditions.

Enhanced Training for Front-line Staff

The ministry continually promotes enhanced training as part of the adoption of best practices in corrections. Training opportunities support the implementation of best practices and assist ministry staff to provide appropriate supervision to the changing correctional populations which included:

- **Evidence-based offender risk and needs assessment tools**
  These tools help front-line staff ensure high-risk offenders receive more focused intervention and supervision. In 2009-10, 160 probation officers received training in the use of evidence-based risk and needs assessment tools for adults and 101 probation officers received training in the young offender version of the tool; additionally, 319 probation officers received training in the case planning element of the tool.

- **Motivational interviewing**
  This evidence-based intervention tool complements other best practices and is part of a transition to a risk reduction model in the management of offenders being supervised in the community. In 2009-10, 207 community corrections staff received training in motivational interviewing.

- **Direct supervision**
  A total of 101 correctional services staff completed training in direct supervision, a best practice for management of correctional populations.

- **Fetal Alcohol Spectrum Disorder**
  The ministry's FASD coordinators delivered 93 training sessions for staff in correctional centres, and other ministries and agencies who work with offenders affected by FASD. Training was also provided to new recruits and victims' service unit staff.

In 2009-10, a total of 1,333 correctional services staff received training through the ministry's staff college. Some areas of focus for staff college training over the past year included:

- enhancing staff knowledge of, and ability to appropriately respond to, youth with mental health issues;
- learning and development for correctional peace officers
- employee wellness and engagement; and
- a mentorship program for senior staff to share their knowledge and experience with the next generation of potential managers.

Performance Measure Results

Performance Measure 5.a – Percentage of Incarcerated Offenders Involved in Work, Education, Treatment or Life Management Programs

Performance Measure		Actuals					Target
		2005-06	2006-07	2007-08	2008-09	2009-10	
5.a	Percentage of Incarcerated Offenders Involved in Work, Education, Treatment or Life Management Programs	88	89	90	89	89	No lower than 85

In 2009-10, a total of 89.2 per cent of sentenced adult offenders and sentenced and remanded young offenders participated in these programs. This result is comparable to last year's result of 88.5 per cent and exceeds the ministry's business plan target of no lower than 85 per cent.

Core Business 3
Victims Programs and Services

Core Business 3 promotes safe communities by providing programs and services to assist victims of crime. The ministry provides financial benefits to eligible victims of crime and assists victim service organizations and partners to address the needs of victims and support a meaningful role for victims in the criminal justice process.

GOAL 6 Linked to Core Business 3 – Victims Programs and Services

Victims of crime receive assistance, information and support

Through collaboration with stakeholders and other government ministries, the ministry ensures that eligible victims of crime receive prompt financial benefits, assistance and support. The ministry assists community groups and organizations to meet the needs of victims of crime.

Financial Assistance for Eligible Victims of Crime

Under the *Victims of Crime Act*, the Financial Benefits Program provides one-time payments of financial benefits to eligible individuals who have incurred physical or emotional injury resulting from violent crime in Alberta. An additional benefit of $1,000/month is also available for quadriplegia and the most severe brain injury victims.

The ministry strives to provide prompt financial assistance to eligible victims of crime. The Victims Financial Benefits Program has experienced continual growth in volume since its inception in 1997. Over the past year a concerted effort was made to improve the promptness of provision of financial assistance to eligible victims of crime through the Financial Benefits Program.

During 2009-10, 2,543 new applications for financial benefits were received. This is an increase of seven per cent compared to the previous year (2,385 new applications in 2008-09). The ministry provided $10.4 million in financial benefit awards in 2009-10.

Programs for Victims of Crime: Victims of Crime Fund Grants

The ministry provides funding support to and works in partnership with organizations across Alberta to provide programs and services to assist victims of crime. In 2009-10, Alberta had 73 police-based programs operating 119 victim service units (VSUs), as well as 27 community-based organizations providing services to particular crime victims (e.g., children, immigrant communities) or in relation to specific types of crime (e.g., domestic violence, sexual assault).

In 2009-10, the ministry provided $9.3 million in grants from the Victims of Crime Fund to support applications from police and community based victim service organizations.

Victim service programs across Alberta provided assistance, support and information to 64,445 people in 2009-10 and about 15 per cent of the people assisted were under the age of 18.

Additional Victim Services Stats
Victim Service Units responded to 47,804 new cases of crime or tragedy; 62 per cent of new cases involved assistance to victims of violent crime

13,854 Victim Impact Statement packages were distributed, the majority being cases of assault, domestic assault and sexual assault

Volunteer advocates and board members contributed 177,419 hours to programs to assist victims of crime in Alberta.

Building Capacity for Enhanced Services for Victims

The ministry works with providers of victims' programs and services to enhance access to services, improve organizational accountability and build capacity for effective service delivery.

In 2009-10, the ministry continued to support initiatives to improve access to victims' services in Aboriginal communities. The community-based victim service program provided by the Lesser Slave Lake Indian Regional Council received extensive support. The ministry also continued to support on-reserve Victim Service Units (VSU's) in Hobbema and Siksika.

The ministry also continued to support enhanced accountability among victim service organizations. A performance measurement framework was introduced for police-based organizations in 2008-09. The ministry provided training related to the framework for staff and volunteers in police-based VSU's across the province. A similar performance measurement framework for community-based organizations was introduced in 2009-10.

Capacity building includes effective training for staff and volunteers involved in providing services to victims of crime. The ministry continually reviews the training needs of victim service providers and works with partners to address these needs. In September 2009, the ministry participated in the Northern Victims Conference in Yellowknife. This gathering, organized by the Federal/Provincial/Territorial Aboriginal Victims of Crime Sub-Committee, brought victim service providers together from all over Canada.

Northern Victims' Conference
There were 275 people from across Canada, including 11 representatives from Alberta that attended the Northern Victims' Conference.

The goal of the conference was to increase the ability of service providers to assist victims with a specific focus on the needs of northern and Aboriginal victims.

There were 25 workshops offered on understanding the justice system, working with vulnerable victims and witnesses, community capacity-building and self-care.

Awareness of Victimization and Victims' Programs

The ministry works with victim service organizations and other partners to keep abreast of trends in victimization and promote enhanced awareness of programs and services available to victims of crime.

One area of focus for 2009-10 was human trafficking. The ministry is raising awareness of human trafficking and responding to the needs of victims, in partnership with other orders of government, police services and community-based agencies. In September 2009, the ministry convened a workshop for Calgary Police Service, RCMP, and immigration and border officials, to help identify victims of human trafficking. The ministry also partnered with the RCMP to launch a province-wide "I'm Not For Sale" human trafficking awareness campaign, in seven different languages. All victim service units have access to a telephone interpreter service, available in more than 175 dialects, to assist in the reporting of suspected cases of human trafficking.

Youth violence was another area of focus in 2009-10. The ministry supported an awareness campaign in northwest Alberta, discussing the ripple effects of bullying and violence among youth.

The 2009 victims of crime awareness campaign also focused on young adults aged 18-24 who are at high risk of victimization. Results from a follow-up survey indicated that the campaign effectively conveyed key messages to the target audience.

The *Victims of Crime Protocol*, outlining what victims can expect throughout the criminal justice process, continues to be an important resource for promoting awareness of programs for victims.

The *Victims of Crime Protocol*, released in 2007, was the first document of its kind in Canada and continues to be widely distributed. The Protocol addressed several recommendations from the *MLA Report of the Alberta Victims of Crime Consultation* (2002). The MLA Report outlined a 10-year vision to address the needs of victims in Alberta.

Performance Measure Results

Performance Measure 6.a – Satisfaction with Services Provided by Employees and Volunteers within the Criminal Justice System

Performance Measure		Actuals					Target
		2005-06	2006-07	2007-08	2008-09	2009-10	
6.a	Satisfaction with Services Provided by Employees and Volunteers within the Criminal Justice System (converted from a 5.0 point scale to a per cent)	4.02 (80.4 per cent)	3.99 (79.8 per cent)	4.06 (81.2 per cent)	4.09 (81.8 per cent)	4.12 (82.4 per cent)	4.0 (80 per cent)

Individuals applying for victim financial benefits are asked to complete a survey rating their satisfaction with overall service provided to them by employees and volunteers in the criminal justice system. Scores on the 5.0 scale have been converted to a per cent for consistency with other ministry performance measures. In 2009-10, applicants for victim financial benefits reported an overall satisfaction rate of 82.4 per cent. This is comparable to last years result of 81.8 per cent and exceed the ministry's business plan target of 80 per cent.

Core Business 4
Regulate Liquor and Gaming in Alberta and Encourage Social Responsibility

The ministry continues to ensure Alberta's liquor industry remains progressive while encouraging the responsible sale and consumption of liquor. The ministry also promotes the responsible use of gaming products while offering quality gaming entertainment choices to adult Albertans and providing economic benefits to charities and Albertans. The ministry ensures the government's portion of revenue from provincial lotteries is directed to the Alberta Lottery Fund which provides financial support to thousands of volunteer and community based organizations.

The Alberta Lottery Fund

Each year, thousands of volunteer and community based organizations receive financial support from the Alberta Lottery Fund. Established in 1989, the fund is an important part of Alberta's gaming model. It comprises the government's portion of revenues from provincial lotteries (ticket lotteries, slot machines, Video Lottery Terminals (VLTs), electronic bingo and Keno). Expenditures from the fund are approved annually by the Legislature.

The AGLC administers the Alberta Lottery Fund while various government ministries deliver lottery-funded programs. The details of how lottery funds were used by other ministries are outlined in their respective annual reports.

Gaming Research

The ministry supports evidence-based decision making – decisions based on sound research and – used almost $1.6 million for gaming research in 2009-10.

GOAL 7 Linked to Core Business 4 – Regulate Liquor and Gaming in Alberta and Encourage Social Responsibility

Alberta liquor and gaming activities are conducted with integrity and in a socially responsible manner

Goal 7 highlights the ministry's and AGLC's commitment to maintaining integrity in the liquor and gaming businesses. The AGLC is responsible for regulating the manufacture, importation, sale, purchase, possession, transportation, use and consumption of liquor in Alberta. The AGLC registers liquor suppliers, issues liquor licences, inspects liquor operations, and authorizes warehousing and distribution of liquor with private operators. The AGLC also sets and collects the provincial mark-up from its sales.

Alberta has adopted a gaming model that ensures gambling proceeds benefit Albertans. The charitable gaming aspect of the model (gaming involving casino table games, bingo, raffles, and pull-tickets) allows eligible charitable or religious groups to apply for and receive licences to conduct gaming activities. Thousands of charitable and religious groups conduct charitable gaming activities to raise funds for their projects and services each year.

In the provincial gaming aspect of the model the AGLC conducts and manages ticket lotteries and all electronic gaming devices (slot machines, VLTs, and electronic bingo). These activities are delivered by independent retailers, private operators, and bingo associations under retailer agreements and they receive commissions for services delivered. The AGLC owns and maintains the electronic equipment used for tickets, slots, VLTs, and electronic bingo. Bingo associations and licensed charities receive a commission for electronic bingo and slot activity, respectively.

The AGLC licenses and regulates all charitable gaming, registers gaming workers, inspects licensed gaming establishments, manages financial audits, investigates criminal activity and collects licence and registration fees.

The integrity of the Alberta liquor industry is ensured through regulatory activities that include licensing and inspecting liquor operations and registering liquor products for sale. The integrity of gaming activities in the province is ensured through regulatory activities that include licensing and inspections of licensed facilities and gaming activities, investigations into criminal activities and forensic audits. In 2009-10 the AGLC conducted 35,064 liquor inspections and 4,637 inspections of licensed charitable gaming facilities and events.

Reviewing the Gaming Model

In September 2009, a three-member MLA Committee was appointed by the Solicitor General and Minister of Public Security to examine specific aspects of Alberta's gaming model including volunteer participation, casino wait times and the distribution of proceeds from licensed casino events to eligible charitable groups.

Changes to the *Gaming and Liquor Act* and Regulation

On November 1, 2009, amendments to the *Gaming and Liquor Act* were proclaimed to allow licensees to share limited, specific personal information (i.e. the name, age, and photo) of troublesome patrons with each other and the police to help prevent violence in and around licensed premises. Together with the Office of the Information and Privacy Commissioner, guidelines were developed to assist bar operators in understanding their duties and obligations when collecting, using, disclosing and handling the personal information of patrons.

Other new provisions in the *Gaming and Liquor Act* authorize police officers to remove suspected gang members and their associates from licensed establishments even though an offence has not been committed. Provisions in the Gaming and Liquor Regulation, also proclaimed in force on November 1, 2009, make it illegal for an individual to enter a casino or Racing Entertainment Centre (REC) once he or she has signed a self-exclusion agreement. The amendments also make it a crime for individuals to enter a gaming facility if they have been convicted under Section 209 of the *Criminal Code* – Cheating at Play.

Social Responsibility

Being socially responsible means providing policies, regulations, and educational programs and tools to ensure the safe delivery of gaming and liquor activities. The AGLC promotes the responsible use of liquor and gaming products in Alberta through collaborative efforts between government, stakeholders, and patrons including:

- partnering with Alberta Health Services (AHS) and working closely with liquor and gaming industry stakeholders to develop provincial strategies that promote healthy choices and the responsible use of liquor and gaming products;
- working with national partners, monitoring policy development in other liquor and gaming jurisdictions regarding issues such as violence in bars, binge and underage drinking, and responsible gambling awareness programs;
- administering the Voluntary Self-Exclusion (VSE) program for patrons of Racing Entertainment Centres (RECs) and casinos who request help to control their gambling behaviour;
- providing training through a host of best in class SMART training courses designed to educate liquor and gaming industry workers and raise awareness about alcohol use and gambling in Alberta; and
- providing information to gamblers in Responsible Gambling Information Centers (RGICs) in gambling facilities across Alberta.

As of January 1, 2010, all individuals involved in the sale and service of liquor in licensed premises in Alberta are required to have ProServe certification. ProServe training assists individuals involved in selling and serving liquor to the public by educating them about their duty of care responsibilities, Alberta legislation, and AGLC policies. The program promotes the responsible consumption of alcohol, and helps to reduce liquor related incidents in and around licensed premises. It also helps to prevent underage drinking and overconsumption.

ProTect training is recommended for those whose job involves checking proof of age, controlling access to licensed premises, crowd control, and monitoring and intervening to prevent aggressive actions. The program focuses on reducing the risk of violence and liability by helping participants improve their observation and communication skills, preparing them to better prevent, defuse, and manage customer disturbances.

Performance Measure Results

Performance Measure 7.a – Satisfaction with the Conduct of the Liquor Business

Performance Measure		Actuals 2005-06	2006-07	2007-08	2008-09	2009-10	Target
7.a	Satisfaction with the Conduct of the Liquor Business (per cent)	78	79	78	77	78	80

More than three-quarters of Albertans – 78 per cent indicated they were satisfied with the conduct of the liquor business. This result falls slightly below the target of 80 per cent and is one percentage point above the result for 2008-09. While the difference in results between years is not statistically significant, the AGLC will continue to monitor the results for this measure and take appropriate action, if required.

Performance Measure 7.b – Satisfaction with the Conduct of Legal Gaming in Alberta

Performance Measure		Actuals 2005-06	2006-07	2007-08	2008-09	2009-10	Target
7.b	Satisfaction with the Conduct of Legal Gaming in Alberta (per cent)	71	74	73	72	79	70

79 per cent of Albertans expressed satisfaction with the conduct of legal gaming in Alberta. This result exceeds the target by nine percentage points and the 2008-09 result by seven points. As with other performance measures, the AGLC will continue to monitor the results to ensure Albertans continue to be satisfied with gambling in the province.

The AGLC is responsible for regulating Alberta's charitable gaming activities (casino table games, pull-ticket sales, raffles and bingo events) and conducting and managing provincial gaming activities (ticket lotteries and all electronic gaming devices). High levels of satisfaction with the conduct of legal gaming provide an indication that the actions of the AGLC are meeting Albertans' expectations.

Criminal Code Reporting – Required Reports

The Criminal Code requires the Alberta Solicitor General and Minister of Public Security to report annually on the following parts of the Act.

Criminal Code s. 25.3 – Organized Crime and Law Enforcement – Designations

Section 25.3 of the *Criminal Code* provides a limited justification for otherwise illegal acts and omissions by law enforcement officers, and others acting at their discretion. An essential condition is that it can apply only to officers designated by a competent authority. In the case of municipal police services, the Solicitor General and Minister of Public Security is the competent authority.

The competent authority is responsible for publishing an annual report on the designations and authorizations provided under subsections 24.1 to 25.4 of the *Criminal Code*. This report shall include information on the amount and nature of the acts or omissions committed by those officers designated under this legislation.

Alberta began designating officers under this legislation in March 2003. This designation was not used in 2009-10.

Criminal Code s. 83.3(3) – Anti-Terrorism – Arrests without Warrant

Anti-Terrorism Act

In accordance with subsection 83.3(4) of the *Criminal Code*, a peace officer who suspects on reasonable grounds that the detention of a person is necessary to prevent a terrorist activity, may arrest the person without a warrant.

Pursuant to subsection 83.31(3) of the *Criminal Code*, the minister responsible for policing in every province shall publish or otherwise make available to the public an annual report for the previous year on the operation of subsection 83.3 of the *Criminal Code* that includes:

a) The number of arrests without warrant that were made under subsection 83.3(4) and the period of the arrested person's detention in custody in each case; and

b) The number of cases in which a person was arrested without warrant under subsection 83.3(4) and was released.

Information has been received from all police services in Alberta indicating that no arrests were made under this subsection in the previous year therefore, the report for 2009 is **nil**.

Performance Measure Data Sources and Methodology

GOAL 1 Linked to Core Business 1 – Law Enforcement and Crime Prevention

Leadership for effective and innovative law enforcement

Performance Measure 1.a – Victimization Rate

The ministry commissions a professional survey firm (Ressinova Research Inc.) to conduct an annual public opinion survey of 1,200 Albertans. The 2010 Ministry's Public Opinion survey was conducted by telephone between February and March 2010. A random and representative sample of adult Albertans was established based on Statistics Canada 2006 Census data. For each of six geographic regions of the province, the number of interviews in each age-gender segment was proportionate to the 2006 population estimates.

In 2010, the ministry's results for this measure (sample of 1,200) were combined with results of a contemporary survey conducted for the Ministry of Justice and Attorney General (sample of 750). Therefore, the sample size for this measure is 1,950 with a resulting confidence interval of +/- 2.2 per cent. The rationale for combining the results is that it draws a larger sample size which could provide a more accurate snapshot of the victimization rate in our province and to avoid reporting two different victimization rates between the ministries, which have historically varied.

This measure is based on responses to a question asking respondents whether they had been the victim of a crime in the past year. Results reported indicate the percentage of respondents identifying that they had been the victim of a crime in the past year.

Crime Rates:

Crime rates data is collected by the Centre of Justice Statistics, through Statistics Canada. Crime rates are collected using the Uniform Crime Reporting Survey (UCR), a common survey instrument used to measure police-reported crime in each Canadian jurisdiction. Using population data from Statistics Canada, reported crime is converted into crime rates per 100,000 population. Previous year crime rates are revised annually by the Canadian Centre for Justice Statistics (CCJS), based on population count estimates.

Recently, CCJS moved to reporting under a new, expanded violation format known as the Uniform Crime Reporting Survey 2 (UCR2). UCR2 provides more detailed offences and improved crime categories, the ability to count all offences in an incident and to show both incident and victim counts for violent incidents. Under this new format, the property crime rate has been replaced with a non-violent crime rate for CCJS reporting purposes, however it is still possible to calculate the property crime rate using specific violations.

Recently, CCJS changed it's counting rules for selected offences which will increase rates for both the provinces and the Canada overall. For example, under the previous counting rules, a robbery with one location and multiple victims was counted as a single robbery. Under the new counting rules, multiple victims would be counted as multiple robberies. CCJS estimates that between 1998 and 2007 robbery counts will now be approximately 12 per cent higher each year than was originally published.

Performance Measure 1.b –
Property Crime Rate

Property crime includes unlawful acts committed with the intent of gaining property, but not involving the use or threat of violence against an individual. Theft, breaking and entering, fraud and possession of stolen goods are examples of property crime.

Performance Measure 1.c –
Violent Crime Rate

Violent crime includes offences that deal with the application or threat of application of force to a person. Examples of these include murder, attempted murder, various forms of sexual and nonsexual assault, robbery, and abduction. Violent crime does not include traffic incidents that result in death or bodily harm.

GOAL 2 Linked to Core Business 1 – Law Enforcement and Crime Prevention

Crime prevention and safety programs support safe Alberta communities

Performance Measure 2.a –
Public Perception of Safety in the Home

This measure is based on the combined results from public opinion surveys from two ministries, conducted by Ressinova Research Inc. as described under Performance Measure 1.a. This results in a sample size of 1,950 and confidence interval of +/- 2.2 per cent.

Respondents are asked to rate how safe they feel (very safe, reasonably safe, somewhat unsafe, very unsafe) when in their own home after dark.

Performance Measure 2.b –
Public Perception of Safety in the Neighbourhood

This measure is based on the combined results from public opinion surveys from two ministries, conducted by Ressinova Research Inc. as described under Performance Measure 1.a. This results in a sample size of 1,950 and confidence interval of +/- 2.2 per cent.

Respondents are asked to rate how safe they feel (very safe, reasonably safe, somewhat unsafe, very unsafe) when walking along in their neighbourhood or area after dark.

GOAL 3 Linked to Core Business 1 – Law Enforcement and Crime Prevention

Officials and infrastructure in Alberta are safe and secure

Performance Measure 3.a –
Client Satisfaction with Alberta Security and Strategic Information Support Team (ASSIST)

Data for this measure is obtained from a stakeholder satisfaction survey conducted by a professional survey firm. The survey uses a combination of telephone and online data collection methods and was last conducted in April and May 2009. Due to survey fatigue and limited trend variance resulted in the ASSIST survey moving to bi-annual administration, and will be conducted every two years.

Clients of ASSIST are asked "When thinking about the information and services that you received from ASSIST in the past 12 months, overall how satisfied are you with information and services received from ASSIST?". Responses in the "very satisfied" and "somewhat satisfied" categories are added together and divided by the total sample size to determine the overall stakeholder satisfaction rate.

A total of 380 clients participated in the 2008-09 survey. The survey methodology involved a census approach, and thus there is no calculation for confidence levels.

GOAL 4 Linked to Core Business 2 – Custody, Supervision and Facilitation of Rehabilitative Opportunities for Offenders

Secure and efficient custody and community supervision

Performance Measure 4.a –
Successful completion of temporary absences

Data on temporary absences granted and temporary absences suspended due to re-offence is stored in the Correctional Management Information System (COMIS), a mainframe system that provides information about offenders housed in provincial correctional centres. COMIS data includes offender demographics, admissions, movements, charges and releases. It provides the ministry with a data base of operational, statistical information, and a data extract is produced from COMIS each month.

The system produces a report that indicates the number of temporary absences granted during the month and year-to-date. The percentage of successful temporary absence completions is calculated by subtracting the number of temporary absences suspended due to re-offence from the number of temporary absences granted. The result is then divided by the total number of temporary absences granted.

Performance Measure 4.b –
Number of escapes from secure custody or during transport

To be counted as an "escape from secure custody", the escape must meet all of the requirements for a prison breach as described in the *Criminal Code of Canada*. Offenders who walk away from minimum-security settings, or who fail to return from a period of temporary absence, are not counted as escapes from secure custody.

All adult correctional centres and young offender centres report the number of escapes from secure custody on a monthly basis. When a centre reports an escape from secure custody, a head office investigation verifies the reported escape. If an escape incident occurs during transportation of an offender, staff involved in the transport prepare an incident report. If police become involved in apprehending the offender, a police report is prepared as well. Management conducts investigations into all escape incidents and takes further action as needed.

GOAL 5 Linked to Core Business 2 – Custody, Supervision and Facilitation of Rehabilitative Opportunities for Offenders

Offenders have the opportunity to access rehabilitative services and programs

Performance Measure 5.a –
Per Cent of Incarcerated Offenders Involved in Work, Education, Treatment, or Life Management Programs

This measure is calculated by dividing the estimated average daily number of sentenced adult offenders and sentenced and remanded young offenders involved in work, education, treatment or life management programs by the average daily population of eligible offenders. Remanded adult inmates are not included because they have not been found guilty of an offence and are not required to participate in activities.

Staff in each correctional centre calculate a monthly average number of offenders involved in work, education, treatment, or life management programs and enter this information on a Monthly Offender Activity Report. Summary reports are compiled for all correctional centres in the province.

Average population statistics for correctional centres are produced using COMIS as described in performance measure 4.a. Data from the Monthly Offender Activity Reports and the average population statistics from the mainframe system are used to calculate the results for this measure.

GOAL 6 Linked to Core Business 3 – Victims Programs and Services

Victims of crime receive assistance, information and support

Performance Measure 6.a –
Satisfaction with Services Provided by Employees and Volunteer's within the Criminal Justice System

Individuals applying for victim financial benefits are asked to complete a survey that includes a question rating their satisfaction with the overall service provided to them by employees and volunteers in the criminal justice system. Results are compiled from the responses completed by individuals who choose to respond to this question at the time they apply for financial benefits. The response rate for this survey was 25 per cent in 2009-10.

Respondents are asked to rate how satisfied they are with the overall service provided by employees and volunteers within the criminal justice system. The overall annual satisfaction rating is calculated by totaling the scores for the survey question and dividing this total by the number of valid completed responses to the question for that year. The target for this measure is 80 per cent. Scores on the 5.0 scale have been converted to a per cent for consistency with other ministry performance measures.

GOAL 7 Linked to Core Business 4 – Regulate Liquor and Gaming in Alberta and Encourage Social Responsibility

Alberta liquor and gaming activities are conducted with integrity and in a socially responsible manner

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Performance Measure 7.a –
Satisfaction with the Conduct of the Liquor Business in Alberta

The AGLC commissions an annual survey to determine the public's opinion of the conduct of the liquor and gaming industries in Alberta. The public opinion survey is conducted by a third-party external consultant. In 2009-10, the survey was conducted between February and March, 2010. Professionally trained interviewers conducted all interviews by telephone from a central facility.

The sample consisted of a random and representative percentage of 1,008 adult Albertans with a confidence interval of + / - 3.1 per cent.

Respondents are asked the following question:
Now, thinking about the liquor business in Alberta, overall, how satisfied are you with the way the liquor business is conducted in Alberta.

Respondents were considered to be "satisfied" if they indicated they were very satisfied, satisfied, or somewhat satisfied.

Performance Measure 7.b –
Satisfaction with the Conduct of Legal Gaming in Alberta

This measure is based on the annual public opinion survey conducted by a third-party external consultant as described under performance measure 7.a.

Respondents are asked the following question:
Now, thinking about all the gaming entertainment products and activities that we have just mentioned, overall, how satisfied are you with the conduct of legal gaming in Alberta.

Respondents were considered to be "satisfied" if they indicated they were very satisfied, satisfied, or somewhat satisfied.

Financial Information

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Ministry of Solicitor General and Public Security Consolidated Financial Statements

Auditor's Report

To the Members of the Legislative Assembly

I have audited the consolidated statements of financial position of the Ministry of the Solicitor General and Public Security as at March 31, 2010 and 2009, and the consolidated statements of operations and cash flows for the years then ended. These financial statements are the responsibility of the Ministry's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Ministry as at March 31, 2010 and 2009, and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Original signed by Merwan N. Saher, CA
Auditor General

Edmonton, Alberta
June 3, 2010

Consolidated Statements of Operations

Year Ended March 31
(in thousands)

	2010		2009
	Budget (Schedule 3)	Actual	Actual (Restated)
Revenues (Schedule 1)			
Transfer from the Government of Canada	$ 32,857	$ 26,831	$ 22,098
Net Income from Alberta Gaming and Liquor Commission			
Lottery Revenue	1,491,927	1,404,792	1,511,529
Liquor and Related Revenue	880,051	715,805	684,468
Investment Income	7,000	3,164	11,718
Premiums, Fees and Licenses	1,665	439	553
Other Revenue	33,278	34,863	33,192
	2,446,778	2,185,894	2,263,558
Expenses – Directly Incurred (Note (2b) and Schedule 5)			
Voted (Schedule 2)			
Ministry Support Services	28,632	29,752	27,319
Public Security	362,770	346,343	322,813
Correctional Services	207,409	210,287	199,658
Gaming Research	1,600	1,526	1,561
Lottery Fund Payments to Other Ministries	1,496,327	1,405,993	1,520,556
	2,096,738	1,993,901	2,071,907
Statutory (Schedule 2 and 5)			
Valuation Adjustments			
Provision for Doubtful Accounts	200	(140)	344
Provision for Vacation Pay	67	(341)	2,255
	267	(481)	2,599
Regulated Fund			
Victims of Crime	27,099	23,885	24,761
	2,124,104	2,017,305	2,099,267
Net Operating Results	$ 322,674	$ 168,589	$ 164,291

The accompanying notes and schedules are part of these consolidated financial statements.

Consolidated Statements of Financial Position

As at March 31
(in thousands)

	2010	2009 (Restated)
Assets		
Cash and Cash Equivalents (Note 3)	$ 131,159	$ 70,913
Accounts Receivable (Note 5)	32,016	28,256
Advances	1	2
Tangible Capital Assets (Note 6)	25,322	16,958
Equity in Alberta Gaming and Liquor Commission (Note 7)	419,406	369,138
	$ 607,904	$ 485,267
Liabilities		
Accounts Payable and Accrued Liabilities	$ 221,046	$ 158,327
Unearned Revenue (Note 8)	37,574	42,400
	258,620	200,727
Net Assets		
Net Assets at Beginning of Year	284,540	333,113
Net Operating Results	168,589	164,291
Net Financing Provided for General Revenues	(103,845)	(212,864)
Net Assets at End of Year	349,284	284,540
	$ 607,904	$ 485,267

The accompanying notes and schedules are part of these consolidated financial statements.

Consolidated Statements of Cash Flows

Year Ended March 31
(in thousands)

	2010	2009 (Restated)
Operating Transactions		
Net Operating Results	$ 168,589	$ 164,291
Non-cash items included in Net Operating Results		
Amortization	2,881	2,701
Loss on Disposal of Tangible Capital Assets	–	15
Valuation Adjustments	(481)	2,599
(Increase) Decrease in Undistributed Profit of Alberta Gaming and Liquor Commission	(50,268)	9,156
	120,721	178,762
Decrease in Accounts Receivable	(3,620)	(4,311)
Decrease in Advances	1	–
Increase (Decrease) in Accounts Payable and Accrued Liabilities	58,234	(86,552)
Cash Provided by Operating Transactions	175,336	87,899
Capital Transactions		
Acquisition of Tangible Capital Assets	(11,245)	(7,717)
Proceeds on Disposal/Sale of Tangible Capital Assets	–	18
Cash Applied to Capital Transactions	(11,245)	(7,699)
Financing Transactions		
Net Financing Provided for General Revenues	(103,845)	(212,864)
Cash Applied to Financing Transactions	(103,845)	(212,864)
Increase (Decrease) in Cash and Cash Equivalents	60,246	(132,664)
Cash and Cash Equivalents, Beginning of Year	70,913	203,577
Cash and Cash Equivalents, End of Year	$ 131,159	$ 70,913

The accompanying notes and schedules are part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

Year Ended March 31

Note 1
Authority and Purpose

The Ministry of the Solicitor General and Public Security has been designated as responsible for various Acts by the *Government Organization Act* and its regulations. To fulfill these responsibilities, the Solicitor General and Minister of Public Security administers the organizations listed below. The authority under which each organization operates is also listed. Together, these organizations form the Ministry of the Solicitor General and Public Security.

Organization	Authority
Department of Solicitor General and Public Security	*Government Organization Act*
Victims of Crime Fund	*Victims of Crime Act*
Alberta Lottery Fund	*Gaming and Liquor Act*
Alberta Gaming and Liquor Commission	*Gaming and Liquor Act*

The Ministry's purpose is to work in partnership with Albertans to promote safe, secure communities through effective law enforcement, security, correctional and victim services and ensure integrity and accountability and social responsibility in Alberta's gaming and liquor industries.

Note 2
Summary of Significant Accounting Policies and Reporting Practices

These financial statements are prepared primarily in accordance with Canadian generally accepted accounting principles for the Public Sector as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. The PSAB financial presentation standard for government summary financial statements has been modified to more appropriately reflect the nature of the Ministry.

(a) Reporting Entity

The reporting entity is the Ministry of the Solicitor General and Public Security for which the Solicitor General and Minister of Public Security is accountable. These financial statements include the activities of the Department of the Solicitor General and Public Security, the Victims of Crime Fund (a regulated fund), the Alberta Lottery Fund and the Alberta Gaming and Liquor Commission (AGLC).

(b) Basis of Financial Reporting

Basis of Consolidation

The accounts of the Department, the Victims of Crime Fund and Alberta Lottery Fund have been consolidated after adjusting them to a basis consistent with the accounting policies described below. Revenue and expense transactions, investing and financing transactions and related asset and liability accounts between these consolidated organizations are eliminated upon consolidation.

The accounts of the Alberta Gaming and Liquor Commission, which is designated as a commercial enterprise, are reported on the modified equity basis, the equity being computed in accordance with Canadian generally accepted accounting principles.

Notes to the Consolidated Financial Statements

Year Ended March 31

Note 2
Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual method of accounting. Cash received for which goods or services have not been provided by year-end is recorded as unearned revenue.

Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return.

Transfers from Government of Canada

Transfers from Government of Canada are recognized as revenue when authorized by federal legislation or federal/provincial agreements, eligibility criteria if any are met and a reasonable estimate of the amounts can be made.

Expenses

Directly Incurred

Directly incurred expenses are those costs the Ministry has primary responsibility and accountability for, as reflected in the Government's budget documents.

In addition to program operating expenses like salaries, supplies, etc., directly incurred expenses also include:

- amortization of tangible capital assets.
- pension costs, which are the cost of employer contributions during the year.
- valuation adjustments, which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay, guarantees and indemnities.
- Grants are recognized as expenses when authorized, the eligibility criteria, if any, is met, and when a reasonable estimate of amounts can be made.

Incurred by Others

Services incurred by other entities in support of the Ministry's operations are disclosed in Schedule 5.

Assets

Financial assets of the Ministry are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals.

Assets required by right are not included. Tangible capital assets of the Ministry are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is $250,000 and the threshold for major systems enhancements is $100,000. The threshold for all other tangible capital assets is $5,000.

Notes to the Consolidated Financial Statements

Year Ended March 31

Note 2
Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Basis of Financial Reporting

Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

Net Assets

Net assets represent the difference between the carrying value of assets held by the Ministry and its liabilities.

Measurement Uncertainty

(in thousands)

Measurement uncertainty exists when there is a significant variance between the amount recognized in the financial statements and another reasonably possible amount. Accounts receivable of $19,975 (2009 – $18,980) are subject to measurement uncertainty. Victims of Crime Fund accounts receivable excludes certain outstanding federal statute surcharges and provincial statute fine surcharges that are expected to be satisfied by means other than cash payment. The other means include participation in the fine option program or time served in a correctional institution at the option of the person owing the surcharge. Outstanding surcharges expected to be satisfied by other means of $1,262 (2009 – $1,057) have been deducted from total outstanding surcharges of $22,266 (2009 – $21,206) to arrive at reported revenue and related accounts receivable. The estimate of $1,262 is based on the actual percentage satisfied in this matter from April 1, 2009 to March 31, 2010. Changes in the proportion of surcharges satisfied by other means may have a material effect on future operating results.

Financial benefits under the Victims of Crime Fund recorded as a liability of $6,370 (2009 – $8,587) in these financial statements, is subject to measurement uncertainty. See Note 11.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of cash and cash equivalents, accounts receivable, advances, accounts payable and accrued liabilities are estimated to approximate their carrying values because of the short term nature of these instruments.

Notes to the Consolidated Financial Statements

Year Ended March 31

Note 3
Cash and Cash Equivalents

(in thousands)

Included in cash and cash equivalents are deposits of $93,378 (2009 – $32,724) for Alberta Lottery Fund and $37,755 (2009 – $38,161) for the Victims of Crime Fund in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. The CCITF is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is comprised of high quality, short-term and mid-term fixed income securities with a maximum term to maturity of three years. As at March 31, 2010, securities held by the CCITF have a time-weighted rate of return of 1% per annum (March 31, 2009: 3% per annum).

Note 4
Program Transfer and Prior Period Restatement

(in thousands)

Effective April 1, 2009, the Aboriginal Justice Initiative Program was transferred to the Department of Aboriginal Relations. The 2009 comparative financial statements have been restated to reflect this change as if it occurred in the prior period to provide comparative information on the same basis as for 2010. As a result of this restatement, expenses for 2009 were decreased by $444 and Net Financing Provided for General Revenues increased by $444 resulting in no net change in Net Assets at March 31, 2009.

Note 5
Accounts Receivable

(in thousands)

	2010				2009
	Gross Amount	Fine Options and Time Served – Note 2	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Government of Canada	$ 7,793	$ –	$ –	$ 7,793	$ 6,643
Surcharges	22,266	1,262	1,029	19,975	18,980
Other	4,248	–	–	4,248	2,633
	$ 34,307	$ 1,262	$ 1,029	$ 32,016	$ 28,256

Accounts receivable are unsecured and non-interest bearing.

Notes to the Consolidated Financial Statements

Year Ended March 31

Note 6
Tangible Capital Assets

(in thousands)

	Equipment	Computer Hardware and Software	Other (1)	Work in Progress (2)	2010 Total	2009 Total
Estimated Useful Life	10 years	5 years	3 years			
Historical Costs						
Beginning of year	$ 14,664	$ 3,594	$ 3,922	$ 3,572	$ 25,752	$ 18,549
Additions	673	2,171	211	8,190	$ 11,245	7,717
Disposals, including write-downs	(57)	–	–	–	(57)	(514)
	$ 15,280	$ 5,765	$ 4,133	$ 11,762	$ 36,940	$ 25,752
Accumulated Amortization						
Beginning of year	$ 6,401	$ 1,391	$ 1,002	$ –	$ 8,794	$ 6,574
Amortization expense	1,132	1,206	543	–	2,881	2,701
Effect of disposals	(57)	–	–	–	(57)	(481)
	$ 7,476	$ 2,597	$ 1,545	–	$ 11,618	$ 8,794
Net Book Value at March 31, 2010	$ 7,804	$ 3,168	$ 2,588	$ 11,762	$ 25,322	
Net Book Value at March 31, 2009	$ 8,263	$ 2,203	$ 2,920	$ 3,572		$ 16,958

(1) Other assets include vehicles and office furnishings.

(2) Work in Progress includes $9,850 for IT systems related to Alberta Police Integrated Initiative, $1,366 for enhancements to existing systems, $499 for Inter-Agency Information Sharing and $47 for Business Continuity Planning.

Note 7
Equity in Alberta Gaming and Liquor Commission (AGLC)

(in thousands)

	2010	2009
Equity in AGLC, beginning of year	$ 369,138	$ 378,294
Total revenues	24,947,442	27,089,674
Total expenses	(22,826,845)	(24,893,677)
Net transfers	(2,070,329)	(2,205,153)
Equity in AGLC, end of year	$ 419,406	$ 369,138

Notes to the Consolidated Financial Statements

Year Ended March 31

Note 8
Unearned Revenue

(in thousands)

In 2008-09 the Department received $42,400 from the Government of Canada pursuant to a $400,000 five-year initiative to recruit new police officers in provinces and territories under the Police Officers Recruitment Fund. In accordance with the Department's accounting policy, this payment was recorded as unearned revenue. In 2009-10, $4,826 was used for the purpose specified under the program.

Note 9
Contractual Obligations

(in thousands)

Contractual obligations are obligations of the Ministry to others that will become liabilities in the future when the terms of those contracts or agreements are met.

As at March 31, 2010, the Ministry is committed under contracts, vehicle leases, and program funding arrangements totalling $892,084 (2009 – $723,276). This includes a commitment for the Provincial Police Service Agreement (PPSA) of $573,509 (2009 – $557,639). The Provincial Police Service Agreement with Canada is a contract for the Royal Canadian Mounted Police to provide policing services to small communities and rural areas in Alberta. The existing PPSA expires March 31, 2012, however, a new agreement is being negotiated and the fiscal 2012-13 figure is included on that basis. Under the terms of the agreement, Alberta may terminate the agreement with a two-year notice served on March 31 in any year.

Estimated payment requirements for each of the next five years and thereafter are as follows:

Obligations Under Operating Leases, Contracts, and Program

2010-11	$	338,806
2011-12		293,965
2012-13		235,914
2013-14		1,692
2014-15		1,336
Thereafter		20,371
Total	$	892,084

Notes to the Consolidated Financial Statements

Year Ended March 31

Note 10
Contingencies

(in thousands)

As at March 31 2010, the Ministry is a defendant in one hundred and twenty nine legal claims (2009 – one hundred and twenty three legal claims). One hundred and twenty of these claims have specified amounts totalling $247,267 and the remaining nine have no specified amount (2009 – One hundred and six claims with a specified amount of $326,999 and seventeen with no specified amount). Included in the total legal claims are fifteen claims amounting to $157,909 (2009 – fifteen claims amounting to $188,184) in which the Ministry has been jointly named with other entities. Eighty six claims amounting to $70,690 (2009 – Ninety three totalling $136,294) are covered by the Alberta Risk Management Fund.

The Ministry entered into a lease amending agreement with a tenant on March 23, 2007. Under the terms of the agreement, the Ministry has agreed to pay for certain capital investments up to $6,400 and will also assume certain third party premise leases for the remainder of the lease term, if a significant change in the terms of the tenant's appointment occurs before February 28, 2012. As of March 31, 2010, the Ministry's potential liability is $2,160 (2009 – $3,240).

The resulting loss, if any, from these claims cannot be determined.

Note 11
Financial Benefits

(in thousands)

As at March 31, 2010, there were 1,562 (2009 – 2,124) active applications for financial benefits with the Victims of Crime Financial Benefits Program.

An estimated liability of $6,370 (2009 – $8,587), subject to measurement uncertainty, was recorded based on historical decision patterns and average award values. Additional information may be required to determine eligibility and amount for individual cases under regulations of the *Victims of Crime Act*.

Note 12
Trust Funds Under Administration

(in thousands)

The Ministry administers trust funds that are regulated funds consisting of public money over which the Legislature has no power of appropriation. Because the Province has no equity in the funds and administers them for the purpose of various trusts, they are not included in the Ministry's financial statements.

The Ministry manages the collection, investment and distribution of the charities' share of proceeds/losses from table games at licensed charitable casino events.

Notes to the Consolidated Financial Statements

Year Ended March 31

Note 12
Trust Funds Under Administration (continued)

(in thousands)

The share of proceeds/losses from these table games allocated to charities is established in policy and by agreement between the participating charity and the relevant casino operator. These allocations are collected by the Ministry and pooled by casino or region over a three month period. The pooled funds earn interest and the Ministry deducts administrative fees from the pools. The net proceeds in each pool at the end of the pooling period are distributed equally to each charity holding a licensed charitable casino event in the casino/region during the pooling period.

	2010	2009
Charitable Proceeds	$ 13,074	$ 16,918
Returned Funds	–	41
Held Charitable Proceeds	40	146
	$ 13,114	$ 17,105

The Ministry receives and disburses inmate funds used for their personal needs, as well as inmate welfare funds derived from various sources, that are administered on their behalf. As at March 31, 2010, the amount of the trust funds held under administration was $442 (2009 – $613), which was comprised of inmate trust funds of $257 (2009 – $279) and inmate welfare fund equity of $185 (2009 – $334).

Note 13
Payments Under Agreement

(in thousands)

The Ministry has an agreement to disburse the provincial share of net forfeitures from proceeds of crime on behalf of Justice Canada. Proceeds received from Justice Canada under this agreement are in accordance with Section 10 of the *Federal Seized Property Management Act* resulting from the investigation efforts by law enforcement agencies in Alberta.

Disbursements to law enforcement agencies and crime and drug prevention organizations under this agreement are made by the Ministry under authority of the *Financial Administration Act*, Section 25. Only the amounts received from Justice Canada and not disbursed are reflected in these financial statements.

Amounts payable to law enforcement agencies and crime and drug prevention organizations under this agreement with Justice Canada, for the year ended March 31, 2010, are $11 (2009 – $11).

Notes to the Consolidated Financial Statements

Year Ended March 31

Note 14
Benefit Plans

(in thousands)

The Ministry participates in the multi-employer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The Ministry also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $22,690 for the year ended March 31, 2010 (2009 – $19,873). In addition, the Ministry contributes to the Western Canada Lottery Corporation (WCLC) Pension Plan. The Ministry's portion of the WCLC pension expense is $181 for the year ended March 31, 2010 (2009 – $534).

At December 31, 2009, the Management Employees Pension Plan reported a deficiency of $483,199 (2008 – deficiency of $568,574) and the Public Service Pension Plan reported a deficiency of $1,729,196 (2008 – deficiency of $1,187,538). At December 31, 2009, the Supplementary Retirement Plan for Public Service Managers had a deficiency of $39,516 (2008 – deficiency of $7,111). The Ministry's portion of the WCLC surplus as at March 31, 2009 is $1,348 (2008 – surplus of $1,266).

The Ministry also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2010, the Bargaining Unit Plan reported an actuarial deficiency of $8,355 (2009 – actuarial deficiency of $33,540) and the Management, Opted Out and Excluded Plan an actuarial deficiency of $7,431 (2009 – actuarial deficiency of $1,051). The expense for these two plans is limited to employer's annual contributions for the year.

Note 15
Comparative Figures

Certain 2009 figures have been reclassified to conform to the 2010 presentation.

Note 16
Approval of Financial Statements

The financial statements were approved by the Senior Financial Officer and the Deputy Solicitor General and Deputy Minister of Public Security.

Schedules to Consolidated Financial Statements

Revenues

Schedule 1

Year Ended March 31
(in thousands)

	2010		2009
	Budget	Actual	Actual
Transfer from the Government of Canada			
Youth Justice Program	$ 18,457	$ 18,248	$ 17,951
Other	14,240	8,583	4,123
Services to On-Reserve Status Indians	160	–	24
	32,857	26,831	22,098
Lottery			
Video Lottery Terminal Revenue	616,066	511,167	591,939
Casino Gaming Terminal Revenue	881,361	831,457	869,289
Lottery Ticket Revenue	240,852	254,872	250,119
	1,738,279	1,597,496	1,711,347
Cost of Operations	(246,352)	(192,704)	(199,818)
	1,491,927	1,404,792	1,511,529
Liquor			
Liquor and Related Revenue	908,543	736,162	705,394
Cost of Operations	(28,492)	(20,357)	(20,926)
	880,051	715,805	684,468
Investment Income			
Lottery Fund Interest	6,000	2,801	10,627
Bank Interest	1,000	363	1,091
	7,000	3,164	11,718
Premiums, Fees and Licenses			
Private Investigators Fees	1,665	392	513
Other	–	47	40
	1,665	439	553
Other Revenue			
Surcharges	26,400	25,810	25,981
Recoveries for Enhanced Policing Services	5,784	6,112	4,498
Refunds of Expenditures	25	431	102
Miscellaneous	1,069	2,510	2,611
	33,278	34,863	33,192
	$ 2,446,778	$ 2,185,894	$ 2,263,558

Schedules to Consolidated Financial Statements

Expenses – Directly Incurred Detailed by Object

Schedule 2

Year Ended March 31
(in thousands)

	2010		2009
	Budget	Actual	Actual (Restated)
Voted			
Salaries, Wages and Employee Benefits	$ 244,169	$ 239,447	$ 230,128
Supplies and Services	260,397	254,545	248,209
Grants	1,589,503	1,496,966	1,590,887
Financial Transactions and Other	79	117	119
Amortization of Tangible Capital Assets	2,590	2,826	2,564
Total Voted Expenses	$ 2,096,738	$ 1,993,901	$ 2,071,907
Statutory			
Regulated Fund			
Salaries, Wages and Employee Benefits	$ 2,873	$ 2,987	$ 2,550
Supplies and Services	2,216	1,093	1,098
Grants	21,924	19,750	20,976
Amortization of Tangible Capital Assets	86	55	137
Total Regulated Fund Expenses	$ 27,099	$ 23,885	$ 24,761
Valuation Adjustments			
Provision for Doubtful Accounts	$ 200	$ (140)	$ 344
Provision for Vacation Pay	67	(341)	2,255
Total Valuation Adjustments	$ 267	$ (481)	$ 2,599
Total Statutory Expenses	$ 27,366	$ 23,404	$ 27,360

Schedule to Consolidated Financial Statements

Budget **Schedule 3**

Year Ended March 31
(in thousands)

	2009 - 2010 Estimates	Authorized Supplementary (a)	2009 - 2010 Authorized Budget
Revenues			
Transfer from the Government of Canada	$ 32,857	$ –	$ 32,857
Net Income from Alberta Gaming and Liquor Commission			
Video Lottery Terminal Revenue	616,066	–	616,066
Gaming Terminal Revenue	881,361	–	881,361
Ticket Lottery Revenue	240,852	–	240,852
Lottery Operation	(246,352)	–	(246,352)
Liquor and Related Revenue	908,543	–	908,543
Liquor Operations	(28,492)	–	(28,492)
Investment Income			
Lottery Fund Interest	6,000	–	6,000
Bank Interest	1,000	–	1,000
Premiums, Fees and Licenses			
Private Investigators Fees	1,665	–	1,665
Other Revenue	33,278	–	33,278
	2,446,778	–	2,446,778
Expenses – Directly Incurred			
Voted			
Ministry Support Services	28,632	–	28,632
Public Security	362,770	3,095	365,865
Correctional Services	207,409	–	207,409
Gaming Research	1,600	–	1,600
Lottery Fund Payments to Other Ministries	1,496,327	–	1,496,327
	2,096,738	3,095	2,099,833
Statutory			
Valuation Adjustments			
Provision for Doubtful Accounts	200	–	200
Provision for Vacation Pay	67	–	67
	267	–	267
Victims of Crime Fund	27,099	–	27,099
Total Expenses	2,124,104	3,095	2,127,199
Net Operating Results	$ 322,674	$ (3,095)	$ 319,579
Equipment/Inventory Purchases	$ 905	$ –	$ 905
Capital Investment	$ 35,061	$ –	$ 35,061
Statutory Capital Investment	$ 25	$ –	$ 25

(a) Supplementary Estimates were approved on July 20, 2009 ($1.857M) and November 4, 2009 ($1.238M)

Schedules to Consolidated Financial Statements

Related Party Transactions (Restated)

Schedule 4

Year Ended March 31
(in thousands)

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Ministry.

The Ministry and its employees paid or collected certain taxes and fees set by regulation for permits, licenses and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this schedule.

The Ministry had the following transactions with related parties recorded on the Consolidated Statements of Operations and the Consolidated Statements of Financial Postion at the amount of consideration agreed upon between the related parties:

	Other Entities	
	2010	2009
Revenues		
Ministry of Energy	$ 328	$ 419
Expenses – Directly incurred		
Grants – Departments	$ 1,405,993	$ 1,520,556
Finance and Enterprise – Risk Management and Insurance	344	325
Service Alberta	2,849	1,613
Parking	4	3
Other Services	7	6
	$ 1,409,197	$ 1,522,503
Payable to Ministry of Finance and Enterprise	$ 12,578	$ 25,156
Payable to Ministry of Culture and Community Spirit	$ 3,031	$ 4,068
Payable to Ministry of Aboriginal Relations	$ 29,183	$ 30,631
Payable to Ministry of Transportation	$ 69,592	$ –

The above transactions do not include support service arrangement transactions disclosed in Schedule 2.

Contractual Obligations – Ministry of Justice	$ 51	$ 210

Schedules to Consolidated Financial Statements

Related Party Transactions (Restated)

Schedule 4 (continued)

Year Ended March 31
(in thousands)

The Ministry also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on revenues and costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements, and the amounts for costs incurred are disclosed in Schedule 5.

	Other Entities	
	2010	2009
Revenues		
Accommodation	$ 49	$ 332
Forensic Audit	110	167
Information Technology	14	33
Financial Services	6	13
	$ 179	$ 545
Expenses – Incurred by Others		
Accommodation[1]	$ 51,279	$ 39,871
Legal	708	835
Service Alberta	5,205	5,245
Treasury Board	380	150
	$ 57,572	$ 46,101

The Ministry receives services under contracts managed by the Ministry of Service Alberta and the Treasury Board. Any commitments under these contracts are reported by Service Alberta and Treasury Board.

(1) There has been a change in methodology in calculating allocated accommodation costs for the year ended March 31, 2010. For the year ended March 31, 2009, accommodation costs were allocated based on individual buildings being used by ministries. For the year ended March 31, 2010, the average cost per square meter of government accommodation has been calculated and costs are allocated based on the square meters used by the ministry. As a result, accommodation costs allocated to the Ministry have increased significantly.

Schedules to Consolidated Financial Statements

Allocated Costs

Schedule 5

Year Ended March 31
(in thousands)

	2010							2009 (Restated)
		Expenses – Incurred by Others				Valuation Adjustments (5)		
Program	Expenses (1) (2)	Accommodation Costs (3)	Legal Services (4)	Service Alberta	Treasury Board	Vacation Pay	Doubtful Accounts	Total Expenses	Total Expenses
Voted:									
Ministry Support Services	$ 29,752	$ 2,323	$ 64	$ 5,205	$ 380	$ 16	$ –	$ 37,740	$ 33,853
Public Security	346,343	4,953	211	–	–	321	–	351,828	325,450
Correctional Services	210,287	43,787	129	–	–	(660)	–	253,543	238,238
Gaming Research	1,526	–	–	–	–	–	–	1,526	1,561
Lottery Fund Payments to Other Ministries	1,405,993	–	–	–	–	–	–	1,405,993	1,520,556
	1,993,901	51,063	404	5,205	380	(323)	–	2,050,630	2,119,658
Regulated Fund:									
Victims of Crime	23,885	216	4	–	–	(18)	(140)	23,947	25,346
Commission:									
Alberta Gaming and Liquor Commission (AGLC) (2)	–	–	300	–	–	–	–	300	362
	$ 2,017,786	$ 51,279	$ 708	$ 5,205	$ 380	$ (341)	$ (140)	$ 2,074,877	$ 2,145,366

(1) Expenses – Directly Incurred as per Statements of Operations, excluding valuation adjustments.

(2) Total expenses reported on a modified equity basis for Alberta Gaming and Liquor Commission as per Note 7 attached to the Financial Statements.

(3) Costs for Accommodation (includes grants in lieu of taxes) on Schedule 4.

(4) Cost shown for Legal Services on Schedule 4, estimated costs incurred by each program.

(5) Valuation Adjustments as per Statements of Operations. Employee Benefits and Doubtful Accounts were allocated as follows:

- Vacation Pay – allocated to the program by employee.
- Doubtful Accounts Provision – estimated allocation to program.

Department of Solicitor General and Public Security Financial Statements

Auditor's Report

To the Solicitor General and Minister of Public Security

I have audited the statements of financial position of the Department of the Solicitor General and Public Security as at March 31, 2010 and 2009, and the statements of operations and cash flows for the years then ended. These financial statements are the responsibility of the Department's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Department as at March 31, 2010 and 2009, and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Original signed by Merwan N. Saher, CA
Auditor General

Edmonton, Alberta
June 3, 2010

Statements of Operations

Year Ended March 31
(in thousands)

	2010		2009
	Budget (Schedule 3)	Actual	Actual (Restated)
Revenues (Schedule 1)			
Internal Government Transfers	$ 881,651	$ 717,405	$ 686,068
Transfer from the Government of Canada	32,757	26,731	21,998
Premiums, Fees and Licenses	1,665	439	553
Other Revenue	6,878	8,662	7,176
	922,951	753,237	715,795
Expenses – Directly Incurred (Note (2b) and Schedule 7)			
Voted (Schedules 2 and 4)			
Ministry Support Services	28,632	29,752	27,319
Public Security	362,770	346,343	322,813
Correctional Services	207,409	210,287	199,658
Gaming Research	1,600	1,526	1,561
	600,411	587,908	551,351
Statutory (Schedules 2, 4 and 7)			
Valuation Adjustments			
Provision for Doubtful Accounts	100	–	2
Provision for Vacation Pay	67	(323)	2,183
	167	(323)	2,185
	600,578	587,585	553,536
Net Operating Results	$ 322,373	$ 165,652	$ 162,259

The accompanying notes and schedules are part of these financial statements.

Statements of Financial Position

As at March 31
(in thousands)

	2010	2009 (Restated)
Assets		
Cash	$ 26	$ 28
Accounts Receivable (Note 4)	356,519	297,984
Advances	1	2
Tangible Capital Assets (Note 5)	25,214	16,795
	$ 381,760	$ 314,809
Liabilities		
Accounts Payable and Accrued Liabilities	$ 97,348	$ 87,378
Unearned Revenue (Note 6)	37,574	42,400
	134,922	129,778
Net Assets		
Net Assets at Beginning of Year	185,031	235,636
Net Operating Results	165,652	162,259
Net Financing Provided for General Revenues	(103,845)	(212,864)
Net Assets at End of Year	246,838	185,031
	$ 381,760	$ 314,809

The accompanying notes and schedules are part of these financial statements.

Statements of Cash Flows

Year Ended March 31
(in thousands)

	2010	2009 (Restated)
Operating Transactions		
Net Operating Results	$ 165,652	$ 162,259
Non-cash items included in Net Operating Results		
Amortization	2,826	2,564
Loss on Disposal of Tangible Capital Assets	–	15
Valuation Adjustments	(323)	2,185
	168,155	167,023
(Increase) Decrease in Accounts Receivable	(58,535)	5,922
Decrease in Advances	1	–
Increase in Accounts Payable and Accrued Liabilities	5,467	47,090
Cash provided by Operating Transactions	115,088	220,035
Capital Transactions		
Acquisition of Tangible Capital Assets	(11,245)	(7,717)
Proceeds on Disposal/Sale of Tangible Capital Assets	–	18
Cash Applied to Capital Transactions	(11,245)	(7,699)
Financing Transactions		
Net Financing Provided for General Revenues	(103,845)	(212,864)
Cash Applied to Financing Transactions	(103,845)	(212,864)
Decrease in Cash	(2)	(528)
Cash, Beginning of Year	28	556
Cash, End of Year	$ 26	$ 28

The accompanying notes and schedules are part of these financial statements.

Notes to the Financial Statements

Year Ended March 31

Note 1
Authority and Purpose

The Department of the Solicitor General and Public Security operates under the authority of the *Government Organization Act*, Chapter G-10, Revised Statutes of Alberta 2000.

The Department's purpose is to work in partnership with Albertans to promote safe, secure communities through effective law enforcement, and security and correctional services.

Note 2
Summary of Significant Accounting Policies and Reporting Practices

These financial statements are prepared primarily in accordance with Canadian generally accepted accounting principles for the Public Sector as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. The PSAB financial presentation standard for government summary financial statements has been modified to more appropriately reflect the nature of the Department.

(a) Reporting Entity

The reporting entity is the Department of the Solicitor General and Public Security, which is part of the Ministry of the Solicitor General and Public Security for which the Solicitor General and Minister of Public Security is accountable. Other entities reporting to the Minister include the Victims of Crime Fund (a regulated fund), Alberta Gaming and Liquor Commission (AGLC) and Alberta Lottery Fund (ALF).

Results Analysis Section of the Ministry Annual Report provides a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Solicitor General and Minister of Public Security is accountable.

All departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the Minister of Finance and Enterprise. All cash receipts of departments are deposited into the Fund and all cash disbursements made by departments are paid from the Fund. Net Financing from (for) General Revenues is the difference between all cash receipts and all cash disbursements made.

(b) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual method of accounting. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue.

Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return.

Transfers from Government of Canada

Transfers from Government of Canada are recognized as revenue when authorized by federal legislation or federal/provincial agreements, eligibility criteria if any are met, and a reasonable estimate of the amounts can be made.

Notes to the Financial Statements

Year Ended March 31

Note 2
Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Basis of Financial Reporting

Expenses

Directly Incurred

Directly incurred expenses are those costs the Department has primary responsibility and accountability for, as reflected in the Government's budget documents.

In addition to program operating expenses like salaries, supplies, etc., directly incurred expenses include:

- amortization of tangible capital assets.
- pension costs, which are the cost of employer contributions during the year.
- valuation adjustments, which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay, guarantees and indemnities.
- grants are recognized as expenses when authorized, the eligibility criteria if any are met, and when a reasonable estimate of amounts can be made.

Incurred by Others

Services contributed by other entities in support of the Department's operations are disclosed in Schedule 7.

Assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Financial assets of the Department are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals.

Assets acquired by right are not included. Tangible capital assets of the Department are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is $250,000 and the threshold for major systems enhancements is $100,000. The threshold for all other tangible capital assets is $5,000.

Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of the fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

Notes to the Financial Statements

Year Ended March 31 (in thousands)

Note 2
Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Basis of Financial Reporting

Net Assets

Net Assets represent the difference between the carrying value of assets held by the Department and its liabilities.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of cash, accounts receivable, advances, accounts payable and accrued liabilities are estimated to approximate their carrying values because of the short-term nature of these instruments.

Note 3
Program Transfer and Prior Period Restatement

(in thousands)

Effective April 1, 2009, the Aboriginal Justice Initiative Program was transferred to the Department of Aboriginal Relations. The 2009 comparative financial statements have been restated to reflect this change as if it occurred in the prior period to provide comparative information on the same basis as for 2010. As a result of this restatement, expenses for 2009 were decreased by $444 and Net Financing Provided for General Revenues increased by $444 resulting in no net change in Net Assets at March 31, 2009.

Note 4
Accounts Receivable

(in thousands)

	2010 Net Realizable Value	2009 Net Realizable Value
Government of Canada	$ 7,793	$ 6,643
Other	4,182	2,602
AGLC	344,544	288,739
	$ 356,519	$ 297,984

Accounts receivable are unsecured and non-interest bearing.

Notes to the Financial Statements

Year Ended March 31

Note 5
Tangible Capital Assets

(in thousands)

	Equipment	Computer Hardware and Software	Other (1)	Work in Progress (2)	2010 Total	2009 Total
Estimated Useful Life	10 years	5 years	3 years			
Historical Costs						
Beginning of year	$ 14,664	$ 2,908	$ 3,922	$ 3,572	$ 25,066	$ 17,863
Additions	673	2,171	211	8,190	$ 11,245	7,717
Disposals, including write-downs	(57)	–	–	–	(57)	(514)
	$ 15,280	$ 5,079	$ 4,133	$ 11,762	$ 36,254	$ 25,066
Accumulated Amortization						
Beginning of year	$ 6,401	$ 868	$ 1,002	$ –	$ 8,271	$ 6,188
Amortization expense	1,132	1,151	543	–	2,826	2,564
Effect of disposals	(57)	–	–	–	(57)	(481)
	$ 7,476	$ 2,019	$ 1,545	–	$ 11,040	$ 8,271
Net Book Value at March 31, 2010	$ 7,804	$ 3,060	$ 2,588	$ 11,762	$ 25,214	
Net Book Value at March 31, 2009	$ 8,263	$ 2,040	$ 2,920	$ 3,572		$ 16,795

(1) Other Capital Assets include vehicles and office furnishings.

(2) Work in Progress includes $9,850 for IT systems related to Alberta Police Integrated Initiative, $1,366 for enhancements to existing systems, $499 for Inter-Agency Information Sharing and $47 for Business Continuity Planning.

Notes to the Financial Statements

Year Ended March 31

Note 6
Unearned Revenue

(in thousands)

In 2008-09 the Department received $42,400 from the Government of Canada pursuant to a $400,000 five-year initiative to recruit new police officers in provinces and territories under the Police Officers Recruitment Fund. In accordance with the Department's accounting policy, this payment was recorded as unearned revenue. In 2009-10, $4,826 was used for the purpose specified under the program.

Note 7
Contractual Obligations

(in thousands)

Contractual obligations are obligations of the Department to others that will become liabilities in the future when the terms of those contracts or agreements are met.

As at March 31, 2010, the Department is committed under contracts, programs and operating leases totalling $848,315 (2009 – $688,115). This includes a commitment for the Provincial Police Service Agreement of $573,509 (2009 – $557,639). The Provincial Police Service Agreement (PPSA) with Canada is a contract for the Royal Canadian Mounted Police to provide policing services to small communities and rural areas in Alberta. The existing PPSA expires March 31, 2012, however, a new agreement is being negotiated and the fiscal 2012-13 figure is included on that basis. Under the terms of the agreement, Alberta may terminate the agreement with a two-year notice served on March 31 in any year.

Estimated payment requirements for each of the next five years and thereafter are as follows:

Obligations Under Operating Leases, Contracts, and Program

2010-11	$	324,397
2011-12		289,041
2012-13		233,507
2013-14		577
2014-15		329
Thereafter		464
Total	$	848,315

Notes to the Financial Statements

Year Ended March 31

Note 8
Contingencies

(in thousands)

As at March 31 2010, the Department is a defendant in one hundred and twenty two legal claims (2009 – one hundred and fourteen legal claims). One hundred and thirteen of these claims have specified amounts totalling $122,460 and the remaining nine have no specified amount (2009 – ninety seven claims with a specified amount of $187,583 and seventeen with no specified amount). Included in the total legal claims are eleven claims amounting to $56,084 (2009 – ten claims amounting to $74,450) in which the Department was jointly named with other entities. Eighty two claims amounting to $58,262 (2009 – eighty six claims totalling $108,775) are covered by the Alberta Risk Management Fund.

The resulting loss, if any, from these claims cannot be determined.

Note 9
Trust Funds Under Administration

(in thousands)

The Department administers trust funds that are regulated funds consisting of public money over which the Legislature has no power of appropriation. Because the Province has no equity in the funds and administers them for the purpose of various trusts, they are not included in the Department's financial statements.

Institutional Trust receives and disburses inmate funds used for their personal needs, as well as inmate welfare funds derived from various sources, that are administered on their behalf. As at March 31, 2010, the amount of the trust funds held under administration was $442 (2009 – $613) which was comprised of inmate trust funds of $257 (2009 – $279) and inmate welfare fund equity of $185 (2009 – $334).

Note 10
Payments Under Agreement

(in thousands)

The Department has an agreement to disburse the provincial share of net forfeitures from proceeds of crime on behalf of Justice Canada. Proceeds received from Canada under this agreement are in accordance with Section 10 of the Federal Seized Property Management Act resulting from the investigation efforts by law enforcement agencies in Alberta.

Disbursements to law enforcement agencies and crime and drug prevention organizations under this agreement are made by the Department under authority of the Financial Administration Act, Section 25. Only the amounts received from Justice Canada and not disbursed, are reflected in these financial statements.

Amounts payable to law enforcement agencies and crime and drug prevention organizations under this agreement with Justice Canada, for the year ended March 31, 2010, are $11 (2009 – $11) and are reflected in the Statements of Financial Position.

Notes to the Financial Statements

Year Ended March 31

Note 11
Benefit Plans

(in thousands)

The Department participates in the multi-employer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The Department also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $17,601 for the year ended March 31, 2010 (2009 – $15,603).

At December 31, 2009, the Management Employees Pension Plan reported a deficiency of $483,199 (2008 – deficiency of $568,574) and the Public Service Pension Plan reported a deficiency of $1,729,196 (2008 – deficiency of $1,187,538). At December 31, 2009, the Supplementary Retirement Plan for Public Service Managers had a deficiency of $39,516 (2008 – deficiency of $7,111).

The Department also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2010, the Bargaining Unit Plan reported an actuarial deficiency of $8,355 (2009 – actuarial deficiency of $33,540) and the Management, Opted Out and Excluded Plan an actuarial deficiency of $7,431 (2009 – actuarial deficiency of $1,051). The expense for these two plans is limited to employer's annual contributions for the year.

Note 12
Comparative Figures

Certain 2009 figures have been reclassified to conform to the 2010 presentation.

Note 13
Approval of Financial Statements

The financial statements were approved by the Senior Financial Officer and the Deputy Solicitor General and Deputy Minister of Public Security.

Schedules to Financial Statements

Revenues

Schedule 1

Year Ended March 31
(in thousands)

	2010		2009
	Budget	Actual	Actual
Internal Government Transfers			
Transfer from Alberta Gaming and Liquor Commission	$ 880,051	$ 715,805	$ 684,468
Transfer from Alberta Lottery Fund	1,600	1,600	1,600
	881,651	717,405	686,068
Transfer from the Government of Canada			
Youth Justice Program	18,457	18,248	17,951
Other	14,140	8,483	4,023
Services to On- Reserve Status Indians	160	–	24
	32,757	26,731	21,998
Premiums, Fees and Licenses			
Private Investigators Fees	1,665	392	513
Other	–	47	40
	1,665	439	553
Other Revenue			
Recoveries for Enhanced Policing Services	5,784	6,112	4,498
Refunds of Expenditures	25	40	67
Miscellaneous	1,069	2,510	2,611
	6,878	8,662	7,176
	$ 922,951	$ 753,237	$ 715,795

Schedules to Financial Statements

Expenses – Directly Incurred Detailed by Object

Schedule 2

Year Ended March 31
(in thousands)

	2010		2009
	Budget	Actual	Actual (Restated)
Voted			
Salaries, Wages and Employee Benefits	$ 244,169	$ 239,447	$ 230,128
Supplies and Services	260,397	254,545	248,209
Grants	93,176	90,973	70,331
Financial Transactions and Other	79	117	119
Amortization of Tangible Capital Assets	2,590	2,826	2,564
Total Voted Expenses	$ 600,411	$ 587,908	$ 551,351
Statutory			
Valuation Adjustments			
Provision for Doubtful Accounts	$ 100	$ –	$ 2
Provision for Vacation Pay	67	(323)	2,183
Total Statutory Expenses	$ 167	$ (323)	$ 2,185

Schedule to Financial Statements

Budget

Schedule 3

Year Ended March 31
(in thousands)

	2009 - 2010 Estimates	Authorized Supplementary (a)	2009 - 2010 Authorized Budget
Revenues			
Transfer from the Government of Canada	$ 32,757	$ –	$ 32,757
Internal Government Transfers			
Transfer from Alberta Gaming and Liquor Commission	880,051	–	880,051
Transfer from Lottery Fund	1,600	–	1,600
Premiums, Fees and Licenses	1,665	–	1,665
Other Revenue	6,878	–	6,878
	922,951	–	922,951
Expenses – Directly Incurred			
Voted			
Ministry Support Services	28,632	–	28,632
Public Security	362,770	3,095	365,865
Correctional Services	207,409	–	207,409
Gaming Research	1,600	–	1,600
	600,411	3,095	603,506
Statutory			
Valuation Adjustments			
Provision for Doubtful Accounts	100	–	100
Provision for Vacation Pay	67	–	67
	167	–	167
Total Expenses	600,578	3,095	603,673
Net Operating Results	$ 322,373	$ (3,095)	$ 319,278
Equipment/Inventory Purchases	$ 905	$ –	$ 905
Capital Investment	$ 35,061	$ –	$ 35,061

(a) Supplementary Estimates were approved on July 20, 2009 ($1.857M) and November 4, 2009 ($1.238M)

Schedule to Financial Statements

Comparison of Expenses – Directly Incurred, Equipment/Inventory Purchases and Statutory Expenses by Element to Authorized Budget

Schedule 4

Year Ended March 31
(in thousands)

Department Summary

Program	2009 - 2010 Estimates	Authorized Supplementary (a)	2009 - 2010 Authorized Budget	2009 - 2010 Actual Expense	Unexpended (Over Expended)
Voted Operating, Equipment/Inventory Purchases and Capital Investments					
1 Ministry Support Services	$ 63,693	$ –	$ 63,693	$ 40,295	$ 23,398
2 Public Security	363,525	3,095	366,620	346,553	20,067
3 Correctional Services	207,559	–	207,559	210,735	(3,176)
4 Gaming Research	1,600	–	1,600	1,526	74
	$ 636,377	$ 3,095	$ 639,472	$ 599,109	$ 40,363
Operating Expense	$ 600,411	$ 3,095	$ 603,506	$ 587,908	$ 15,598
Equipment/Inventory Purchases	905	–	905	1,452	(547)
Capital Investment	35,061	–	35,061	9,749	25,312
	$ 636,377	$ 3,095	$ 639,472	$ 599,109	$ 40,363
Statutory Expenses					
Valuation Adjustments	$ 167	$ –	$ 167	$ (323)	$ 490
	$ 167	$ –	$ 167	$ (323)	$ 490

(a) Supplementary Estimates were approved on July 20, 2009 ($1.857M) and November 4, 2009 ($1.238M)

Schedule to Financial Statements

Comparison of Expenses – Directly Incurred, Equipment/Inventory Purchases and Statutory Expenses by Element to Authorized Budget

Schedule 4 (continued)

Year Ended March 31
(in thousands)

Program 1 – Ministry Support Services

Program	2009 - 2010 Estimates	Authorized Supplementary	2009 - 2010 Authorized Budget	2009 - 2010 Actual Expense	Unexpended (Over Expended)
1.0.1 Minister's Office	$ 500	$ –	$ 500	$ 445	$ 55
1.0.2 Deputy Minister's Office	679	–	679	627	52
1.0.3 Communications	689	–	689	633	56
1.0.4 Corporate Services					
Operating Expense	7,339	–	7,339	5,706	1,633
1.0.5 Information Technology					
Operating Expense	10,535	–	10,535	13,614	(3,079)
Equipment/Inventory Purchases	–	–	–	765	(765)
Capital Investment	35,061	–	35,061	9,749	25,312
1.0.6 Human Resources	6,300	–	6,300	5,901	399
Equipment/Inventory Purchases	–	–	–	29	(29)
1.0.7 Amortization of Tangible Capital Assets	2,590	–	2,590	2,826	(236)
Total Program	$ 63,693	$ –	$ 63,693	$ 40,295	$ 23,398

Schedule to Financial Statements

Comparison of Expenses – Directly Incurred, Equipment/Inventory Purchases and Statutory Expenses by Element to Authorized Budget

Schedule 4 (continued)

Year Ended March 31
(in thousands)

Program 2 – Public Security

Program	2009 - 2010 Estimates	Authorized Supplementary (a)	2009 - 2010 Authorized Budget	2009 - 2010 Actual Expense	Unexpended (Over Expended)
2.1 Program Support					
2.1.1 Program Support Services	$ 447	$ –	$ 447	$ 478	$ (31)
2.1.2 Law Enforcement Review Board	771	–	771	730	41
Total Sub-program	1,218	–	1,218	1,208	10
2.2 Policing Programs					
2.2.1 Crime Prevention	1,743	–	1,743	1,751	(8)
2.2.2 Provincial Policing Programs					
Operating Expense	208,225	1,238	209,463	204,823	4,640
Equipment/Inventory Purchases	–	–	–	14	(14)
2.2.3 First Nations Policing					
Operating Expense	9,857	–	9,857	9,758	99
2.2.4 Policing Assistance to Municipalities	49,134	–	49,134	49,762	(628)
2.2.5 Organized Crime	28,313	–	28,313	23,957	4,356
Total Sub-program	297,272	1,238	298,510	290,065	8,445
2.3 Sheriff's Branch					
2.3.1 Protection and Investigative Services					
Operating Expense	17,514	1,857	19,371	9,776	9,595
Equipment/Inventory Purchases	145	–	145	101	44
2.3.2 Security Operations					
Operating Expense	34,113	–	34,113	31,527	2,586
Equipment/Inventory Purchases	425	–	425	69	356
2.3.3 Traffic Safety					
Operating Expense	12,653	–	12,653	13,871	(1,128)
Equipment/Inventory Purchases	185	–	185	26	159
Total Sub-program	65,035	1,857	66,892	55,280	11,612
Total Program	$ 363,525	$ 3,095	$ 366,620	$ 346,553	$ 20,067

(a) Supplementary Estimates were approved on July 20, 2009 ($1.857M) and November 4, 2009 ($1.238M)

Schedule to Financial Statements

Comparison of Expenses – Directly Incurred, Equipment/Inventory Purchases and Statutory Expenses by Element to Authorized Budget

Schedule 4 (continued)

Year Ended March 31
(in thousands)

Program 3 - Correctional Services

Program	2009 - 2010 Estimates	Authorized Supplementary	2009 - 2010 Authorized Budget	2009 - 2010 Actual Expense	Unexpended (Over Expended)
3.1 Program Support					
3.1.1 Program Support Services					
Operating Expense	$ 1,963	$ –	$ 1,963	$ 2,283	$ (320)
Total Sub-program	1,963	–	1,963	2,283	(320)
3.2 Institutional Services					
3.2.1 Adult Remand and Correctional Centres					
Operating Expense	136,306	–	136,306	140,273	(3,967)
Equipment/Inventory Purchases	150	–	150	427	(277)
3.2.2 Young Offender Centres					
Operating Expense	23,046	–	23,046	23,143	(97)
Total Sub-program	159,502	–	159,502	163,843	(4,341)
3.3 Community Correctional Services					
3.3.1 Adult Services					
Operating Expense	35,879	–	35,879	34,378	1,501
Equipment/Inventory Purchases	–	–	–	8	(8)
3.3.2 Young Offender Services					
Operating Expense	10,215	–	10,215	10,210	5
Equipment/Inventory Purchases	–	–	–	13	(13)
Total Sub-program	46,094	–	46,094	44,609	1,485
Total Program	$ 207,559	$ –	$ 207,559	$ 210,735	$ (3,176)

Schedule to Financial Statements

Comparison of Expenses – Directly Incurred, Equipment/Inventory Purchases and Statutory Expenses by Element to Authorized Budget

Schedule 4 (continued)

Year Ended March 31
(in thousands)

Program 4 - Gaming Research

Program	2009 - 2010 Estimates	Authorized Supplementary	2009 - 2010 Authorized Budget	2009 - 2010 Actual Expense	Unexpended (Over Expended)
4.1 Gaming Research					
4.1.1 Gaming Research					
Operating Expenses					
Funded by Lotteries	$ 1,600	$ –	$ 1,600	$ 1,526	$ 74
Total Sub-program	1,600	–	1,600	1,526	74
Total Program	$ 1,600	$ –	$ 1,600	$ 1,526	$ 74

Schedules to Financial Statements

Salary and Benefits Disclosure

Schedule 5

Year Ended March 31

	2010				2009
	Base Salary[1]	Other Cash Benefits[2]	Other Non Cash Benefits[3]	Total	Total
Deputy Minister[4]	$ 264,069	$ –	$ 62,990	$ 327,059	$ 371,650
Assistant Deputy Minister, Public Security	176,395	–	44,303	220,698	254,016
Assistant Deputy Minister, Correctional Services	185,117	–	44,493	229,610	240,309
Assistant Deputy Minister, Corporate Services/ Senior Financial Officer	175,260	–	45,101	220,361	227,013
Executive Director, Human Resources	151,545	18,034	8,749	178,328	174,944
Executive Director, Information Technology[5]	167,131	11,152	38,842	217,125	201,274
Executive Director, Special Projects[6]	–	–	–	–	120,394
Director, Aboriginal Justice Initiatives[7]	–	–	–	–	156,702

Prepared in accordance with Treasury Board Directive 12/98 as amended.

Total salary and benefits relating to a position are disclosed.

(1) Base salary includes regular base pay.

(2) Other cash benefits include vacation payouts. There were no bonuses paid in 2010.

(3) Other non-cash benefits include the government's share of all employee benefits and contributions or payments made on behalf of employees including pension and supplementary retirement plans, health care, dental coverage, group life insurance, short and long term disability plans, professional memberships and tuition fees.

(4) Automobile provided, no dollar amount included in other non cash benefits.

(5) This position was occupied by two individuals through the year. This schedule includes the Acting Executive Director, Information Technology and the former Executive Director of Information Technology's salary and benefit costs for the year ended March 31, 2010.

(6) This position is no longer effective April 1, 2009.

(7) This position is no longer part of the Ministry effective April 1, 2009.

Schedules to Financial Statements

Related Party Transactions

Schedule 6

Year Ended March 31
(in thousands)

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Department.

The Department and its employees paid or collected certain taxes and fees set by regulation for permits, licenses and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this schedule.

The Department had the following transactions with related parties recorded on the Statements of Operations and the Statements of Financial Position at the amount of consideration agreed upon between the related parties:

	Entities in the Ministry		Other Entities	
	2010	2009	2010	2009
Revenues				
Internal Government Transfers	$ 717,405	$ 686,068	$ –	$ –
Ministry of Energy	–	–	328	419
	$ 717,405	$ 686,068	$ 328	$ 419
Expenses – Directly incurred				
Service Alberta	$ –	$ –	$ 2,812	$ 1,452
Parking	–	–	4	3
	$ –	$ –	$ 2,816	$ 1,455
Receivable from AGLC	$ 344,544	$ 288,738	$ –	$ –

The above transactions do not include support service arrangement transactions disclosed in Schedule 2.

Contractual Obligations				
Department of Justice	$ –	$ –	$ 51	$ 210

Schedules to Financial Statements

Related Party Transactions

Schedule 6 (continued)

Year Ended March 31
(in thousands)

The Department also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements and are disclosed in Schedule 7.

	Other Entities	
	2010	2009
Expenses – Incurred by Others		
Accommodation[1]	$ 51,063	$ 39,705
Legal	404	468
Service Alberta	5,205	5,245
Treasury Board	380	150
	$ 57,052	$ 45,568

[1] There has been a change in methodology in calculating allocated accommodation costs for the year ended March 31, 2010. For the year ended March 31, 2009, accommodation costs were allocated based on individual buildings being used by ministries. For the year ended March 31, 2010, the average cost per square meter of government accommodation has been calculated and costs are allocated based on the square meters used by the ministry. As a result, accommodation costs allocated to the Department have increased significantly.

Schedules to Financial Statements

Allocated Costs

Schedule 7

Year Ended March 31
(in thousands)

	2010						2009 (Restated)
	Expenses – Incurred by Others					Valuation Adjustments (4)		
Program	Expenses (1)	Accommodation Costs (2)	Legal Services (3)	Service Alberta	Treasury Board	Vacation Pay (4)	Total Expenses	Total Expenses
Voted:								
Ministry Support Services	$ 29,752	$ 2,323	$ 64	$ 5,205	$ 380	$ 16	$ 37,740	$ 33,853
Public Security	346,343	4,953	211	–	–	321	351,828	325,450
Correctional Services	210,287	43,787	129	–	–	(660)	253,543	238,238
Gaming Research	1,526	–	–	–	–	–	1,526	1,561
	$ 587,908	$ 51,063	$ 404	$ 5,205	$ 380	$ (323)	$ 644,637	$ 599,102

(1) Expenses – Directly Incurred as per Statements of Operations, excluding valuation adjustments.

(2) Costs for Accommodation (includes grants in lieu of taxes) on Schedule 6, allocated by square meters.

(3) Cost shown for Legal Services on Schedule 6, estimated costs incurred by each program.

(4) Valuation Adjustments as per Statements of Operations – Vacation Pay is allocated to the program by employee.

Alberta Gaming and Liquor Commission Financial Statements

Auditor's Report

To the Members of the Alberta Gaming and Liquor Commission

I have audited the balance sheets of the Alberta Gaming and Liquor Commission as at March 31, 2010 and 2009 and the statements of operations and cash flows for the years then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2010 and 2009 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Original signed by Merwan N. Saher, CA
Auditor General

Edmonton, Alberta
June 16, 2010

Balance Sheets

At March 31
(thousands of dollars)

	2010	2009
ASSETS		
Current Assets		
Cash and cash equivalents (Note 3)	$ 317,453	$ 275,589
Accounts receivable	33,904	18,004
Prepaid expenses and inventories (Note 4)	31,474	16,089
	382,831	309,682
Property, Plant, Equipment and Software (Note 5)	201,490	225,592
	$ 584,321	$ 535,274
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	$ 162,484	$ 163,444
Due to the Alberta Lottery Fund (Note 7)	74,862	80,399
	237,346	243,843
Due to General Revenues (Note 8)	344,544	288,739
Provision for Loss on Leased Properties (Note 13)	2,431	2,692
	$ 584,321	$ 535,274

The accompanying notes are part of these financial statements.

Approved by:

BOARD

Original signed by

Marguerite J. Trussler
Chairperson of the Board
Alberta Gaming and Liquor Commission

MANAGEMENT

Original signed by

Gerry McLennan
Chief Executive Officer
Alberta Gaming and Liquor Commission

Statements of Operations

For the year ended March 31
(thousands of dollars)

	Budget 2010	Actual 2010			Actual 2009
	(Note 9)	Provincial Lotteries	Liquor and Other	Total	
REVENUE					
Gaming terminals	$	$ 14,621,366	$ –	$ 14,621,366	$ 15,495,445
Video lottery terminals		7,598,298	–	7,598,298	8,884,631
Liquor		–	2,054,773	2,054,773	2,020,873
Ticket lottery		626,707	–	626,707	632,172
Electronic bingo		34,469	–	34,469	35,718
		22,880,840	2,054,773	24,935,613	27,068,839
PRIZES AND COST OF PRODUCT					
Gaming terminals		13,457,800	–	13,457,800	14,263,804
Video lottery terminals		6,996,360	–	6,996,360	8,178,842
Liquor		–	1,330,440	1,330,440	1,336,314
Ticket lottery		317,794	–	317,794	327,382
Electronic bingo		23,562	–	23,562	24,786
		20,795,516	1,330,440	22,125,956	24,131,128
Gross Profit	3,180,025	2,085,324	724,333	2,809,657	2,937,711
Commissions and Federal Payments (Note 10)	(551,277)	(487,828)	–	(487,828)	(541,805)
Other Income (Note 11)	18,074	–	11,829	11,829	20,835
Operating Expenses (Note 12)	(274,844)	(192,704)	(20,357)	(213,061)	(220,744)
Net Operating Results	$ 2,371,978	$ 1,404,792	$ 715,805	$ 2,120,597	$ 2,195,997

The accompanying notes are part of these financial statements.

Statements of Cash Flows

For the year ended March 31
(thousands of dollars)

	2010	2009
CASH FROM OPERATIONS		
Net operating results for the year	$ 2,120,597	$ 2,195,997
Decrease in provision for loss on leased properties	(261)	(338)
Amortization	59,876	61,814
Loss (gain) on disposal of property, plant, equipment and software	2,938	(2,151)
Net change in non-cash working capital balances	(32,245)	29,993
	2,150,905	2,285,315
Remittances to the Alberta Lottery Fund	(1,410,329)	(1,512,153)
Remittances to General Revenues	(660,000)	(693,000)
	80,576	80,162
CASH USED FOR INVESTMENT		
Purchase of property, plant, equipment and software	(39,610)	(49,387)
Proceeds on disposal of property, plant, equipment and software	898	2,629
	(38,712)	(46,758)
INCREASE IN CASH AND CASH EQUIVALENTS	41,864	33,404
CASH AND CASH EQUIVALENTS, beginning of year	275,589	242,185
CASH AND CASH EQUIVALENTS, end of year	$ 317,453	$ 275,589

The accompanying notes are part of these financial statements.

Notes to the Financial Statements

March 31, 2010 and 2009

Note 1
Authority and Purpose

The Alberta Gaming and Liquor Commission (the Commission) operates under the authority of the *Gaming and Liquor Act*, Chapter G-1, Revised Statutes of Alberta 2000.

The Commission conducts and manages provincial lotteries, carries out functions respecting gaming under the *Criminal Code* (Canada), and controls, in accordance with legislation, the manufacture, importation, sale and purchase of liquor for the Government of Alberta. It also administers the Alberta Lottery Fund.

Amendments to the *Gaming and Liquor Act*, proclaimed June 24, 2002, allow the Commission to deduct operating expenses from the remittances to the Alberta Lottery Fund and General Revenues. The net proceeds, after the deduction of related operating expenses, arising from the conduct of authorized gaming terminal, video lottery, ticket lottery and electronic bingo in Alberta are remittable to the Alberta Lottery Fund. The net proceeds, after the deduction of related operating expenses, of liquor operations and other income are remittable to General Revenues.

Under the Excise Tax Act and Games of Chance (GST/HST) Regulations, the Commission is required to pay GST and Federal Tax on gaming operations. However, the Commission as a Crown agent of the Government of Alberta, has a tax-exempt status for its liquor and regulatory operations.

Note 2
Significant Accounting Policies and Reporting Practices

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles applied on a consistent basis. The preparation of financial statements for a period necessarily involves the use of estimates. Actual results could differ from those estimates. These financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below.

Joint Venture

Alberta's share of the operations of the Western Canada Lottery Corporation (WCLC) is accounted for as a joint venture using the proportionate consolidation method. WCLC is a non-profit organization authorized to manage, conduct and operate ticket lottery activities for its members, the governments of Alberta, Saskatchewan and Manitoba. The Yukon Territory, the Northwest Territories and Nunavut participate as associate members. Under the proportionate consolidation method, each participant records their share of WCLC revenues, expenses, assets and liabilities.

Notes to the Financial Statements

March 31, 2010 and 2009

Note 2
Significant Accounting Policies and Reporting Practices (continued)

Inventories

Gaming parts and supplies inventories are valued at weighted average cost which is not in excess of net replacement value.

Liquor inventory held on behalf of liquor suppliers or agents, and related duties and taxes, are not recorded in the financial statements.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable, accounts payable and accrued liabilities are estimated to approximate their carrying values, because of the short term nature of these instruments.

Property, Plant, Equipment and Software

Property, plant, equipment and software are stated at cost less accumulated amortization. Amortization is calculated on the straight-line method which will reduce the original cost to estimated residual value over the expected useful lives of the assets, as follows:

Property, Plant and Equipment

- Buildings and leasehold improvements – 40 years or lease term
- Gaming systems and equipment –10 years or 3 years
- Video lottery and gaming terminals – 7 years
- Furniture and equipment – 10 years or 5 years
- Retailer fixtures and signage – 5 years
- Vehicles – 5 years or 3 years

Software

- Computer Software – 3 years

Property, plant, equipment and software are not amortized until the assets are put into use.

Pensions

The Commission participates in multi-employer pension plans with related government entities. Pension costs included in these statements comprise the cost of employer contributions for current service of employees during the year and additional employer contributions for service related to prior years.

Defined contribution plan accounting is used because insufficient information is available to apply defined benefit plan accounting.

Notes to the Financial Statements

March 31, 2010 and 2009

Note 2
Significant Accounting Policies and Reporting Practices (continued)

Revenue and Expense Recognition

Revenue from gaming terminals, video lottery terminals and electronic bingo is recognized at the time that play has been completed and all machine credits have been played or converted to cash. Prizes, commissions and federal payments related to gaming terminals, video lottery terminals and electronic bingo are recognized on the same basis as the related revenues.

On-line ticket lottery revenues are recognized at the date of the draw with instant ticket revenues being recognized at the date activated for sale by the retailer. Prizes, commissions and federal payments relating to ticket revenues are recognized on the same basis as the related revenues.

Revenue from the sale of liquor is recognized when goods are shipped and title has passed to the customer. Revenue received in advance of shipment is deferred and recognized when goods are shipped and title has passed to the customer. Cost of product sold related to liquor is recognized on the same basis as the related revenues.

Allocation of Operating Expenses

Operating expenses are allocated against Provincial Lotteries Revenue or Liquor and Other Revenue, based on the nature of the expense.

Future Accounting Changes

The Canadian Accounting Standards Board (AcSB) has confirmed its plan to adopt all International Financial Reporting Standards, as published by the International Accounting Standards Board, on or by January 1, 2011. The Commission will adopt all of the International Financial Reporting Standards in accordance with the AcSB's plan. In preparation for the change, those standards having application to the Commission are being reviewed, options and elections selected, and any required operational changes planned.

Notes to the Financial Statements

March 31, 2010 and 2009

Note 3
Cash and Cash Equivalents

Cash and cash equivalents consist of deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. The CCITF is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is comprised of high quality, short-term and mid-term fixed income securities with a maximum term to maturity of three years. As at March 31, 2010, securities held by the Fund have a time-weighted rate of return of 1.0% per annum (March 31, 2009: 3.0% per annum). Due to the short-term nature of CCITF investments, the carrying value approximates fair value.

Note 4
Prepaid Expenses and Inventories

(thousands of dollars)

	2010	2009
Prepaid expenses	$ 21,523	$ 7,997
Gaming parts	8,897	7,366
Supplies	1,054	726
	$ 31,474	$ 16,089

Notes to the Financial Statements

March 31, 2010 and 2009

Note 5
Property, Plant, Equipment and Software

(thousands of dollars)

	2010			2009
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Property, Plant and Equipment				
Land	$ 4,113	$ –	$ 4,113	$ 4,113
Buildings and leasehold improvements	57,429	44,304	13,125	12,566
Building work in progress	2,337	–	2,337	–
Gaming systems and equipment	74,617	50,743	23,874	21,833
Gaming terminals	277,941	136,438	141,503	157,741
Video lottery terminals	85,058	78,538	6,520	19,069
Furniture and equipment	28,970	28,063	907	1,239
Retailer fixtures and signage	9,412	8,442	970	1,193
Vehicles	3,359	2,714	645	663
	543,236	349,242	193,994	218,417
Software				
Computer software	29,861	22,365	7,496	7,175
	$ 573,097	$ 371,607	$ 201,490	$ 225,592

Note 6
Defined Benefit Plans

(thousands of dollars)

The Commission participates in the multi-employer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The Commission also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $4,845 for the year ended March 31, 2010 (2009 – $4,077). The Commission's portion of the Western Canada Lottery Corporation pension expense is $181 for the year ended March 31, 2010 (2009 – $534).

At December 31, 2009, the Management Employees Pension Plan reported a deficiency of $483,199 (2008 – deficiency of $568,574) and the Public Service Pension Plan reported a deficiency of $1,729,196 (2008 – deficiency of $1,187,538). At December 31, 2009, the Supplementary Retirement Plan for Public Service Managers had a deficiency of $39,516 (2008 – deficiency of $7,111). The Commission's portion of the Western Canada Lottery Corporation deficit as at March 31, 2010 is $3,959 (2009 – surplus of $1,348).

Notes to the Financial Statements

March 31, 2010 and 2009

Note 7
Due to the Alberta Lottery Fund

(thousands of dollars)

This amount represents the portion of the revenues from provincial lottery operations which has not been remitted to the Alberta Lottery Fund.

	2010	2009
Due to the Alberta Lottery Fund, beginning of year	$ 80,399	$ 81,023
Net operating results, Provincial Lotteries	1,404,792	1,511,529
Remittances to the Alberta Lottery Fund	(1,410,329)	(1,512,153)
Due to the Alberta Lottery Fund, end of year	$ 74,862	$ 80,399

Amounts due to the Alberta Lottery Fund are unsecured, non-interest bearing and have no specific terms of repayment.

Note 8
Due to General Revenues

(thousands of dollars)

Due to General Revenues reflects the outstanding balance due to General Revenues from liquor operations and other income, as follows:

	2010	2009
Due to General Revenues, beginning of year	$ 288,739	$ 297,271
Net operating results, Liquor and Other	715,805	684,468
Remittances to General Revenues	(660,000)	(693,000)
Due to General Revenues, end of year	$ 344,544	$ 288,739

Amounts due to General Revenues are unsecured, non-interest bearing and have no specific terms of repayment.

Note 9
Budget

The Commission includes its annual budget, on a summarized basis, in its business plan. The summarized budget receives approval by the Minister responsible for the Commission on recommendation from the Commission Board and becomes part of the fiscal plan of the Government.

Notes to the Financial Statements

March 31, 2010 and 2009

Note 10
Commissions and Federal Payments

(thousands of dollars)

	2010	2009
Commissions		
Gaming terminals:		
- Operators	$ 171,498	$ 181,437
- Charities	164,384	173,752
Video lottery terminals	90,230	105,780
Ticket lottery	43,187	43,976
Electronic bingo	3,272	3,280
	472,571	508,225
Federal Tax Expenses (a)		
Gaming terminals	3,768	14,594
Video lottery terminals	541	8,070
Ticket lottery	3,610	3,525
Electronic bingo	95	221
	8,014	26,410
Payment to Federal Government (b)	7,243	7,170
	$ 487,828	$ 541,805

(a) As prescribed by the Games of Chance (GST/HST) Regulations, taxes are paid to the Government of Canada in lieu of the Goods and Services Tax (GST) on gaming terminal, video lottery terminal, ticket lottery and electronic bingo sales based on a prescribed formula. This tax is in addition to the GST paid on the purchase of goods and services for which credit is denied under the formula. The effect of reduced GST rates, applied under the Games of Chance (GST/HST) Regulations, are reflected in the fiscal 2010 results.

(b) This payment represents the Province of Alberta's share of payments to the Government of Canada as a result of an agreement between the provincial governments and the federal government on the withdrawal of the federal government from the lottery field. The payment is made by the Western Canada Lottery Corporation on behalf of Alberta, and is based on current population statistics and its share of ticket lottery sales.

Notes to the Financial Statements

March 31, 2010 and 2009

Note 11
Other Income

(thousands of dollars)

	2010	2009
Licences	$ 6,764	$ 6,674
Interest revenue	2,542	6,837
Miscellaneous	1,812	2,227
Liquor levies	1,614	1,301
Premises rental revenue	1,225	785
Retailer service fees	630	620
Fines and violations	180	240
(Loss) gain on disposal of property, plant and equipment	(2,938)	2,151
	$ 11,829	$ 20,835

Note 12
Operating Expenses

(thousands of dollars)

	2010	2009
Salaries and benefits	$ 66,302	$ 61,460
Amortization	59,876	61,814
Leased gaming terminals	24,041	26,079
Data communications	11,400	10,903
Media and media production	10,265	9,000
Equipment and vehicles	9,749	7,449
Ticket printing	8,262	7,754
Fees and services	6,212	5,797
Data processing	3,687	3,685
Travel and training	2,880	3,794
Property	2,827	3,425
Stationery and supplies	1,931	1,833
Freight and product delivery	1,627	1,902
Miscellaneous	1,472	12,869
Insurance and bank charges	1,267	1,247
Retailer relations	932	1,459
Presentations and publications	226	169
Product expense	110	109
Overhead and other	(5)	(4)
	$ 213,061	$ 220,744

Notes to the Financial Statements

March 31, 2010 and 2009

Note 13
Commitments

(thousands of dollars)

Commitments are obligations of the Commission to others that will become liabilities in the future when the terms of those contracts or agreements are met, including its proportionate share of the Western Canada Lottery Corporation commitments.

	2010	2009
Obligations under operating leases and contracts	$ 13,169	$ 8,467

Estimated payment requirements for each of the next five years and thereafter are as follows:

Fiscal 2010-11	$ 7,803
2011-12	2,003
2012-13	1,498
2013-14	442
2014-15	334
Balance to expiry	1,089
	$ 13,169

The Commission has lease obligation for former retail liquor stores, most of which have been subleased to third parties. Estimated future revenues to be derived from subleases amount to $2.98 million at March 31, 2010. Provision for loss on leased properties of $2.43 million (2009 – $2.69 million) has been made where the payments to be received on the sub-leases are less than the lease payments to be made.

Notes to the Financial Statements

March 31, 2010 and 2009

Note 14
Contingencies

At March 31, 2010, the Commission is a defendant in 11 legal claims (2009 – 14 legal claims) having specified amounts totalling $145 million (2009 – $163 million). Included in the total claims are 10 claims (2009 – 12 claims) in which the Commission has been jointly named with other entities.

The Commission entered into a lease amending agreement with a tenant on March 23, 2007. Under the terms of the agreement, the Commission has agreed to pay for certain capital investments up to $6.4 million and would also assume certain third party premise leases for the remainder of the lease term, if a significant change in the terms of the tenant's appointment occurs before February 28, 2012. As of March 31, 2010, the Commission's potential liability is $ 2.16 million (2009 – $3.24 million).

The resulting loss, if any, from these claims cannot be determined.

Note 15
Funds Under Administration

(thousands of dollars)

The Commission manages the collection, investment and distribution of the charities' share of proceeds/losses from table games at licensed charitable casino events.

The share of proceeds/losses from these table games allocated to charities is established in policy and by agreement between the participating charity and the relevant casino operator. These allocations are collected by the Commission and pooled by casino or region over a three month period. The pooled funds earn interest and the Commission deducts administrative fees from the pools. The net proceeds in each pool at the end of the pooling period are distributed equally to each charity holding a licensed charitable casino event in the casino/region during the pooling period.

	2010	2009
Charitable Proceeds	$ 13,074	$ 16,918
Returned Funds	–	41
Held Charitable Proceeds	40	146
	$ 13,114	$ 17,105

Notes to the Financial Statements

March 31, 2010 and 2009

Note 16
Salaries and Benefits

(thousands of dollars)

	2010				2009
	Base Salary (a)	Other Cash Benefits (b)	Other Non-cash Benefits (c)	Total	Total
Board					
Chair (d)	$ 93	$ –	$ –	$ 93	$ 121
Board Members	245	–	–	245	275
EXECUTIVE TEAM					
Senior Official					
Chief Executive Officer (e)	250	5	58	313	351
Management					
Executive Director, Gaming Products and Services	185	4	44	233	284
Executive Director, Corporate Services	185	1	44	230	254
Executive Director, Information Systems	184	2	43	229	237
Executive Director, Regulatory	177	15	44	236	235
Executive Director, Human Resources	151	3	36	190	204
Executive Director, Social Responsibility	151	1	37	189	190
Director, Communications	118	1	28	147	134
Executive Director, Liquor Supply and Distribution (f)	13	24	3	40	216

(a) Base salary includes regular base pay.
(b) Other cash benefits include vacation payouts and lump sum payments. No bonuses were approved for 2010.
(c) Other non-cash benefits include the Commission's share of all employee benefits and contributions or payments made on behalf of employees including pension and supplementary retirement plan, health care, dental coverage, group life insurance, short and long term disability, professional memberships, and tuition fees.
(d) Beginning December 2007, a part time Chairperson, who is remunerated based on the Committee Remuneration Order, heads the Board of the AGLC.
(e) Automobile provided, no dollar amount included in other non-cash benefits.
(f) The incumbent retired in April 2009.

Notes to the Financial Statements

March 31, 2010 and 2009

Note 17
Joint Venture – Ticket Lottery Operations

(thousands of dollars)

Alberta's share of the Western Canada Lottery Corporation joint venture is accounted for using the proportionate consolidation method. The Commission has included in its accounts the following aggregate amounts:

	2010	2009
Balance Sheets		
Current assets	$ 34,362	$ 28,502
Property, plant, equipment and software	19,810	21,348
	$ 54,172	$ 49,850
Current liabilities	$ 28,785	$ 25,493
Equity in joint venture	25,387	24,357
	$ 54,172	$ 49,850

	2010	2009
Statements of Operations		
Gross profit	$ 255,011	$ 250,206
Operating expenses	(35,277)	(32,546)
Net operating results	$ 219,734	$ 217,660
Statements of Cash Flows		
Cash from operations	$ 216,895	$ 215,406
Cash used for investment	$ 2,019	$ 2,924

Notes to the Financial Statements

March 31, 2010 and 2009

Note 18
Related Party Transactions

(thousands of dollars)

The Commission has the following transactions with Government of Alberta departments for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. The amounts are not included in the financial statements.

	2010	2009
Revenues		
Forensic Audit	$ 110	$ 167
Accommodation	49	332
Information Technology	14	33
Financial Services	6	13
	$ 179	$ 545

	2010	2009
Expenses – Incurred by Others		
Legal Services	$ 300	$ 362
	$ 300	$ 362

The Commission also had the following transactions with Government of Alberta departments recorded on the Statements of Operations at the amount of consideration agreed upon between the related parties:

	2010	2009
Finance and Enterprise – Risk Management and Insurance	$ 344	$ 325
Service Alberta	37	161
Infrastructure	7	6
	$ 388	$ 492

Alberta Lottery Fund Financial Statements

Auditor's Report

To the Members of the Alberta Gaming and Liquor Commission

I have audited the balance sheets of the Alberta Lottery Fund as at March 31, 2010 and 2009 and the statements of revenue, expenditure and fund equity for the years then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Alberta Lottery Fund as at March 31, 2010 and 2009 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Original signed by Merwan N. Saher, CA
Auditor General

Edmonton, Alberta
June 16, 2010

Balance Sheets

At March 31
(thousands of dollars)

	2010	2009
ASSETS		
Cash and cash equivalents (Note 3)	$ 93,378	$ 32,724
Due from Alberta Gaming and Liquor Commission (Note 4)	74,862	80,399
	$ 168,240	$ 113,123
LIABILITIES AND FUND EQUITY		
Accounts payable (Note 5)	$ 115,465	$ 60,348
Fund equity	52,775	52,775
	$ 168,240	$ 113,123

The accompanying notes are part of these financial statements.

Approved by:

BOARD

Original signed by

Marguerite J. Trussler
Chairperson of the Board
Alberta Gaming and Liquor Commission

MANAGEMENT

Original signed by

Gerry McLennan
Chief Executive Officer
Alberta Gaming and Liquor Commission

Statements of Revenue, Expenditure and Fund Equity

For the year ended March 31
(thousands of dollars)

	2010		2009
	Budget (Note 21)	Actual	Actual
REVENUE			
Proceeds from lottery operations (Note 6)	$ 1,491,927	$ 1,404,792	$ 1,511,529
Interest	6,000	2,801	10,627
	1,497,927	1,407,593	1,522,156
EXPENDITURE			
Transfers to Departments			
Aboriginal Relations (Note 7)	110,200	105,768	102,075
Advanced Education and Technology (Note 8)	105,000	105,000	101,591
Agriculture and Rural Development (Note 9)	20,720	20,720	22,220
Children and Youth Services (Note 10)	63,500	63,500	63,500
Culture and Community Spirit (Note 11)	227,666	214,972	456,668
Education (Note 12)	129,100	129,100	129,100
Employment and Immigration (Note 13)	11,987	11,987	11,987
Environment (Note 14)	500	500	500
Health and Wellness (Note 15)	392,034	392,034	260,495
Municipal Affairs (Note 16)	26,000	26,000	26,000
Solicitor General and Public Security (Note 17)	1,600	1,600	1,600
Tourism, Parks and Recreation (Note 18)	34,620	34,620	95,620
Transportation (Note 19)	375,000	301,792	195,000
Finance and Enterprise (Note 20)	–	–	55,800
	1,497,927	1,407,593	1,522,156
Excess of revenue over expenditure for the year	–	–	–
Fund equity, beginning of year	52,775	52,775	52,775
Transfers to General Revenues	–	–	–
Fund equity, end of year	$ 52,775	$ 52,775	$ 52,775

The accompanying notes are part of these financial statements.

Notes to the Financial Statements

March 31, 2010 and 2009

Note 1
Authority and Purpose

The Lottery Fund is administered by the Alberta Gaming and Liquor Commission under the *Gaming and Liquor Act*, Chapter G-1, Revised Statutes of Alberta 2000. The Lottery Fund receives the proceeds from lottery operations (see Note 6) and makes payments therefrom in the public interest in order to support thousands of volunteer, public and community-based initiatives.

The *Appropriation Act*, 2009 authorized payments from the Lottery Fund as presented in the 2009-2010 Estimates, and provided for flexibility in the amount allocated from the Lottery Fund to the General Revenue Fund so that the net balance of the Lottery Fund would be zero at the year ended March 31, 2010.

The transfer of funds to certain programs is based on gaming proceeds generated at related gaming facilities, in accordance with government policy direction. For these programs, the amount transferred may differ from the budgeted amount.

The accountability and utilization of Lottery Fund amounts transferred to entities within the Government of Alberta may be determined and confirmed by referencing the respective entity's financial statements.

Note 2
Significant Accounting Policies and Reporting Practices

These financial statements are prepared primarily in accordance with Canadian generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

Cash Flows

A statement of cash flows is not provided as disclosure in these financial statements is considered to be adequate.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable and accounts payable are estimated to approximate their carrying values because of the short term nature of these instruments.

Notes to the Financial Statements

March 31, 2010 and 2009

Note 3
Cash and Cash Equivalents

Cash and cash equivalents consist of deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. The CCITF is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is comprised of high quality, short-term and mid-term fixed income securities with a maximum term to maturity of three years. As at March 31, 2010, securities held by the Fund have a time-weighted rate of return of 1.0% per annum (March 31, 2009: 3.0% per annum). Due to the short-term nature of CCITF investments, the carrying value approximates fair value.

Note 4
Due from the Alberta Gaming and Liquor Commission

(thousands of dollars)

This amount represents the portion of the revenues from lottery operations which has not been remitted by the Alberta Gaming and Liquor Commission (AGLC) to the Alberta Lottery Fund at year end.

	2010	2009
Due from AGLC, beginning of year	$ 80,399	$ 81,023
Remittable from AGLC	1,404,792	1,511,529
Remittances from AGLC	(1,410,329)	(1,512,153)
Due from AGLC, end of year	$ 74,862	$ 80,399

Note 5
Accounts Payable

Accounts payable consists of outstanding payments to the Departments of Finance and Enterprise, Culture and Community Spirit, Aboriginal Relations, and Transportation.

Notes to the Financial Statements

March 31, 2010 and 2009

Note 6
Proceeds from Lottery Operations

(thousands of dollars)

Proceeds from provincial lotteries received by the Alberta Gaming and Liquor Commission are recorded as revenue of the Fund after the deduction of related operating expenses.

	2010	2009
Income from gaming terminals	$ 823,917	$ 861,858
Income from video lottery terminals	511,167	591,939
Income from ticket lottery	254,872	250,119
Income from electronic bingo	7,540	7,431
Less operating expenses	(192,704)	(199,818)
Proceeds from lottery operations	$ 1,404,792	$ 1,511,529

Note 7
Aboriginal Relations

(thousands of dollars)

Transfers to support aboriginal initiatives:

	2010	2009
First Nations Development Fund	$ 105,568	$ 101,875
First Nations Relations	200	200
	$ 105,768	$ 102,075

Notes to the Financial Statements

March 31, 2010 and 2009

Note 8
Advanced Education and Technology

(thousands of dollars)

Transfers to support post-secondary education, scientific initiatives and communication initiatives:

	2010	2009
Capital Maintenance and Renewal	$ 65,000	$ –
Capital Expansion and Upgrading	40,000	16,000
Research Capacity	–	28,900
Community Education	–	15,600
Energy Research	–	15,200
Life Sciences Research	–	11,485
Information and Communications Technology Research	–	11,306
Achievement Scholarships	–	3,100
	$ 105,000	$ 101,591

Note 9
Agriculture and Rural Development

(thousands of dollars)

Transfers to enhance improvement in agriculture, horticulture, and the quality of life in the agricultural community:

	2010	2009
Agricultural Service Boards	$ 10,600	$ 10,600
Agricultural Societies	8,670	8,670
Agricultural Initiatives	1,450	2,950
	$ 20,720	$ 22,220

Note 10
Children and Youth Services

(thousands of dollars)

Transfers to support families and communities in Alberta:

	2010	2009
Family and Community Support Services	$ 45,000	$ 45,000
Fetal Alcohol Spectrum Disorder Initiatives	12,000	12,000
Prevention of Family Violence and Bullying	6,500	6,500
	$ 63,500	$ 63,500

Notes to the Financial Statements

March 31, 2010 and 2009

Note 11
Culture and Community Spirit

(thousands of dollars)

Transfers to support culture, multiculturalism, municipal and community initiatives, and the volunteer sector:

	2010	2009
Community Facility Enhancement Program	$ 38,000	$ 38,500
Alberta Foundation for the Arts	34,834	34,834
Community Initiatives Program	28,000	29,171
Horse Racing and Breeding Renewal Program	24,514	36,917
Major Fairs and Exhibitions	23,360	23,360
Community Spirit Donation Grant Program	20,000	20,000
Film and Television Production	19,690	19,690
Alberta Historical Resources Foundation	9,507	9,507
Other Initiatives	8,500	7,964
Bingo Associations	5,792	5,434
Human Rights, Citizenship and Multiculturalism Education Fund	2,025	2,025
Arts	750	750
Major Community Facilities Program	–	140,000
Support for National Portrait Gallery	–	40,000
Support for Telus World of Science	–	40,000
Wild Rose Foundation	–	8,516
	$ 214,972	$ 456,668

Note 12
Education

(thousands of dollars)

Transfers to support primary education:

	2010	2009
Public and Separate Schools Support – Operational Funding	$ 60,800	$ 60,800
School Facilities Infrastructure	60,300	60,300
Basic Education Program Initiative – High Speed Network	8,000	8,000
	$ 129,100	$ 129,100

Notes to the Financial Statements

March 31, 2010 and 2009

Note 13
Employment and Immigration

(thousands of dollars)

Transfers to assist in job creation and to support the disabled, summer students, and immigrants in their search for employment:

	2010	2009
Summer Temporary and Other Employment Programs	$ 7,413	$ 7,413
Settlement and Integration Services and Enhanced Language Training	4,574	4,574
	$ 11,987	$ 11,987

Note 14
Environment

(thousands of dollars)

Transfers to support environmental awareness:

	2010	2009
Conservation and Education	$ 500	$ 500

Note 15
Health and Wellnes

(thousands of dollars)

Transfers made in support of health and wellness initiatives, including addiction programs:

	2010	2009
Alberta Health Services	$ 257,034	$ 90,495
Human Tissue and Blood Services	125,000	90,000
Community-Based Health Services	10,000	30,000
Health Facilities Infrastructure	–	50,000
	$ 392,034	$ 260,495

Notes to the Financial Statements

March 31, 2010 and 2009

Note 16
Municipal Affairs

(thousands of dollars)

Transfers to enhance support for municipal initiatives:

	2010	2009
Municipal Sustainability Operating Grants	$ 26,000	$ –
Unconditional Municipal Grants	–	14,000
Municipal Sponsorship	–	12,000
	$ 26,000	$ 26,000

Note 17
Solicitor General and Public Security

(thousands of dollars)

Transfers made to support gaming research:

	2010	2009
Gaming Research	$ 1,600	$ 1,600

Note 18
Tourism, Parks and Recreation

(thousands of dollars)

Transfers to support sports, recreation, and municipal initiatives:

	2010	2009
Alberta Sport, Recreation, Parks and Wildlife Foundation	$ 25,120	$ 25,120
Recreation and Sports Facilities Grants	9,000	20,000
Hosting Major Athletic Events	500	500
Support for Capital Region River Valley Park	–	50,000
	$ 34,620	$ 95,620

Notes to the Financial Statements

March 31, 2010 and 2009

Note 19
Transportation

(thousands of dollars)

Transfers to enhance transportation and water infrastructure:

	2010	2009
Municipal Water Wastewater Program / Water for Life	$ 100,000	$ 70,000
Rural Transportation Partnerships	50,000	40,000
Provincial Highway Preservation	50,000	30,000
Provincial Highway Rehabilitation	46,792	–
Alberta Cities Transportation Partnerships	30,000	30,000
Streets Improvement Program	25,000	25,000
	$ 301,792	$ 195,000

Note 20
Finance and Enterprise

(thousands of dollars)

Transfers to the Sustainability Fund:

	2010	2009
Transfer to the Sustainability Fund	$ –	$ 55,800

Note 21
Budget

The 2010 budgeted expenditures were authorized in total by the *Appropriation Act*, 2009 on May 26, 2009.

Note 22
Comparative Figures

Certain 2009 figures have been reclassified to conform to the 2010 presentation.

Victims of Crime Fund Financial Statements

Auditor's Report

To the Solicitor General and Minister of Public Security

I have audited the statement of financial position of the Victims of Crime Fund as at March 31, 2010 and 2009, and the statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audits in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2010 and 2009, and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Original signed by Merwan N. Saher, CA
Auditor General

Edmonton, Alberta
June 3, 2010

Statements of Operations

Year Ended March 31
(in thousands)

	2010		2009
	Budget (Schedule 1)	Actual	Actual
Revenues			
Transfers from Government of Canada	$ 100	$ 100	$ 100
Investment Income			
Bank Interest	1,000	363	1,091
Other Revenue			
Federal Surcharge	1,400	1,476	1,415
Provincial Fine Surcharge	25,000	24,334	24,566
Expenditure Refunds	–	391	35
	27,500	26,664	27,207
Expenses – Directly Incurred (Note 2(b) and 10)			
Program Costs			
Financial Benefits	13,718	11,922	12,747
Victims Programs	12,056	10,691	10,569
Criminal Injuries Review Board	431	376	431
Administration	894	896	1,014
	27,099	23,885	24,761
Statutory			
Valuation Adjustments			
Provision for Doubtful Accounts	100	(140)	342
Provision for Vacation Pay	–	(18)	72
	100	(158)	414
	27,199	23,727	25,175
Net Operating Results	$ 301	$ 2,937	$ 2,032

The accompanying notes and schedules are part of these financial statements.

Statements of Financial Position

As at March 31
(in thousands)

	2010	2009
Assets		
Cash and Cash Equivalents (Note 3)	$ 37,755	$ 38,161
Accounts Receivable (Note 4)	20,041	19,011
Tangible Capital Assets (Note 5)	108	163
	$ 57,904	$ 57,335
Liabilities		
Accounts Payable and Accrued Liabilities	$ 8,233	$ 10,601
Net Assets (Note 2(b))		
Net Assets at Beginning of Year	46,734	44,702
Net Operating Results	2,937	2,032
Net Assets at End of Year	49,671	46,734
	$ 57,904	$ 57,335

The accompanying notes and schedules are part of these financial statements.

Statements of Cash Flows

Year Ended March 31
(in thousands)

	2010	2009
Operating Transactions		
Net Operating Results	$ 2,937	$ 2,032
Non-Cash items included in Net Operating Results		
Amortization	55	137
Valuation Adjustments	(158)	414
	2,834	2,583
Increase in Accounts Receivable	(890)	(1,702)
(Decrease) Increase in Accounts Payable and Accrued Liabilities	(2,350)	4,493
Cash (Applied to) Provided by Operating Transactions	(406)	5,374
(Decrease) Increase in Cash and Cash Equivalents	(406)	5,374
Cash and Cash Equivalents at beginning of Year	38,161	32,787
Cash and Cash Equivalents at end of Year	$ 37,755	$ 38,161

The accompanying notes and schedules are part of these financial statements.

Notes to the Financial Statements

Year Ended March 31

Note 1
Authority and Purpose

The Victims of Crime Fund (the "Fund"), a regulated fund held and administered by the Ministry of Finance and Enterprise, operates under the authority of the *Victims of Crime Act*, Chapter V-3, Revised Statutes of Alberta 2000. The Solicitor General and Minister of Public Security is responsible for the Fund under the authority of the *Government Organization Act*, Statues of Alberta.

The purpose of the Fund is to provide grants to victims' programs and to pay benefits to victims, or their dependants, who suffer injury or death as the result of a criminal offence specified in the regulations of the *Victims of Crime Act*, using provincial and federal fine surcharge revenues.

Note 2
Summary of Significant Accounting Policies and Reporting Practices

These financial statements are prepared primarily in accordance with Canadian generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. The PSAB financial statement presentation standard for government summary financial statements has been modified to more appropriately reflect the nature of the Fund.

(a) Reporting Entity

The reporting entity is the Victims of Crime Fund, which is part of the Ministry of the Solicitor General and Public Security and for which the Solicitor General and Minister of Public Security is accountable.

(b) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual method of accounting. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue.

Transfers from Government of Canada

Transfers from Government of Canada are recognized as revenue when authorized by federal legislation or federal/provincial agreements, eligibility criteria if any are met and a reasonable estimate of the amounts can be made.

Notes to the Financial Statements

Year Ended March 31

Note 2
Summary of Significant Accounting Policies and Reporting Practices (continued)

Expenses

Directly Incurred

Directly incurred expenses are those costs the Fund has primary responsibility and accountability for. Expenses represent the costs of the victims program, the costs of the financial benefits program and administration costs. Grants are recorded as expenses when approved by the Ministry of the Solicitor General and Public Security and all terms and conditions of eligibility for payment have been met. Financial benefits are recorded as an expense when the obligation to pay is likely and the amount payable on applications submitted can be reasonably estimated.

In addition to program operating expenses like salaries, supplies, etc., directly incurred expenses also include:

- amortization of tangible capital assets.
- pension costs, which are the cost of employer contributions during the year.
- valuation adjustments, which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay, guarantees and indemnities.
- grants are recognized as expenses when authorized, eligibility criteria if any are met, and a reasonable estimate of the amounts can be made.

Incurred by Others

Services contributed by other entities in support of the Fund's operations are disclosed in Schedule 3.

Assets

Financial assets of the Fund are limited to cash and cash equivalents, and accounts receivable.

Tangible capital assets of the Fund are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is $250,000 and the threshold for major systems enhancements is $100,000. The threshold for all other tangible capital assets is $5,000.

Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of the fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

Net Assets

Net assets represents the difference between the carrying value of assets held by the Fund and its liabilities. As a result of past operational decisions, the Fund has future contractual obligations totaling $30.6 million as detailed in Note 6 that commit over 60% of the new assets of the Fund.

Notes to the Financial Statements

Year Ended March 31

Note 2
Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Basis of Financial Reporting

Measurement Uncertainty

(in thousands)

Measurement uncertainty exists when there is a significant variance between the amount recognized in the financial statements and another reasonably possible amount. Accounts receivable, recorded as $19,975 (2009 – $18,980) in these financial statements, are subject to measurement uncertainty. Victims of Crime Fund accounts receivable excludes certain outstanding federal statute surcharges and provincial statute fine surcharges that are expected to be satisfied by means other than cash payment. The other means include participation in the fine option program or time served in a correctional institution at the option of the person owing the surcharge. Outstanding surcharges expected to be satisfied by other means of $1,262 (2009 – $1,057) have been deducted from total outstanding surcharges of $22,266 (2009 – $21,206) to arrive at reported revenue and related accounts receivable. The estimate of $1,262 is based on the actual percentage satisfied in this matter from April 1, 2009 to March 31, 2010. Changes in the proportion of surcharges satisfied by other means may have a material effect on future operating results.

Financial benefits under the Victims of Crime Fund recorded as a liability of $6,370 (2009 – $8,587) in these financial statements, is subject to measurement uncertainty. See Note 8.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities are estimated to approximate their carrying values because of the short term nature of these instruments.

Note 3
Cash and Cash Equivalents

(in thousands)

Cash and cash equivalents consists of deposits of $37,755 (2009 – $38,161) in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. CCITF is being managed with the objective of providing competitive interest income to depositors while maintaining maximum security and liquidity of depositors' capital. The portfolio is comprised of high-quality short-term and mid-term fixed income securities with a maximum term to maturity of three years. The Fund earns interest on its daily cash balance at the average rate of earnings of the CCITF, which may vary depending on prevailing market interest rates. As at March 31, 2010, securities held by the CCITF have a time-weighted rate of return of 1% per annum (March 31, 2009: 3% per annum).

Notes to the Financial Statements

Year Ended March 31

Note 4
Accounts Receivable

(in thousands)

	2010				2009
	Gross Amount	Fine Options and Time Served – Note 2	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Surcharge					
Provincial	$ 19,878	$ 1,088	$ 812	$ 17,978	$ 17,162
Federal	2,388	174	217	1,997	1,818
Other	66	–	–	66	31
	$ 22,332	$ 1,262	$ 1,029	$ 20,041	$ 19,011

Accounts receivable are unsecured and non-interest bearing.

Note 5
Tangible Capital Assets

(in thousands)

	Computer Hardware and Software	2010 Total	2009 Total
Estimated Useful Life	5 years		
Historical Costs			
Beginning of year	$ 686	$ 686	$ 686
	$ 686	$ 686	$ 686
Accumulated Amortization			
Beginning of year	$ 523	$ 523	$ 386
Amortization expense	55	55	137
	$ 578	$ 578	$ 523
Net Book Value at March 31, 2010	$ 108	$ 108	
Net Book Value at March 31, 2009	$ 163		$ 163

Notes to the Financial Statements

Year Ended March 31

Note 6
Contractual Obligations

(in thousands)

Contractual obligations are obligations of the Fund to others that will become liabilities in the future when the terms of those contracts or agreements are met.

As at March 31, 2010, the Fund is committed under contracts and programs totaling $30,602 (2009 $28,857). Estimated payment requirements for each of the next five years and thereafter is as follows:

Year	(in thousands)
2011	$ 6,607
2012	2,921
2013	910
2014	673
2015	673
2016 and beyond	18,818
Total	$ 30,602

The contractual obligations of the Fund primarily include the following:

- Compensation claims of $14,776 (2009 – $14,329) assumed from the former Crimes Compensation Board which was dissolved in 1997. In March 2010, 31 eligible recipients received a monthly payment (34 eligible recipients in March 2009).
- Monthly benefit of $7,452 (2009 – $5,340) available to victims of crime whose injuries result in fully dependent quadriplegic or severe brain injury. In March 2010, 14 eligible recipients received a payment of $1,000 per month (10 eligible recipients in March 2009).
- Funding agreements for delivery of victim services to communities of $8,138 (2009 – $8,855).

Note 7
Contingencies

(in thousands)

As at March 31 2010, the Fund is a defendant in two legal claims (2009 – two legal claims) with specified amounts totalling $22,500 (2009 – $22,500). One claim amounting to $11,400 is covered by the Alberta Risk Management Fund.

The resulting loss, if any, from these claims cannot be determined.

Notes to the Financial Statements

Year Ended March 31

Note 8
Financial Benefits

(in thousands)

As at March 31, 2010, there were 1,562 (2009 – 2,124) active applications for financial benefits with the Victims of Crime Financial Benefits Program.

An estimated liability of $6,370 (2009 – $8,587), subject to measurement uncertainty, was recorded based on historical decision patterns and average award values. Additional information may be required to determine eligibility and amount for individual cases under regulations of the *Victims of Crime Act*.

Note 9
Benefit Plans

(in thousands)

The Fund participates in the multi-employer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The Fund also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $244 for the year ended March 31, 2010 (2009 – $193).

At December 31, 2009, the Management Employees Pension Plan reported a deficiency of $483,199 (2008 – $568,574) and the Public Service Pension Plan reported a deficiency of $1,729,196 (2008 – $1,187,538 as restated). At December 31, 2009, the Supplementary Retirement Plan for Public Service Managers had a deficiency of $39,516 (2008 – $7,111).

The Fund also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2010, the Bargaining Unit Plan reported an actuarial deficiency of $8,355 (2009 – actuarial deficiency of $33,540) and the Management, Opted Out and Excluded Plan an actuarial deficiency of $7,431 (2009 – actuarial deficiency of $1,051). The expense for these two plans is limited to employer's annual contributions for the year.

Notes to the Financial Statements

Year Ended March 31

Note 10
Expenses – Directly Incurred Detailed by Object

(in thousands)

	2010		2009
	Budget	Actual	Actual
Salaries, Wages and Employee Benefits	$ 2,873	$ 2,987	$ 2,550
Supplies and Services	2,216	1,093	1,098
Grants	21,924	19,750	20,976
Amortization of Tangible Capital Assets	86	55	137
Total Fund Expenses	$ 27,099	$ 23,885	$ 24,761

Note 11
Salary and Benefits Disclosure

Salary and benefits disclosure pursuant to *Treasury Board Directive 12/98* as amended is not included as management decisions on the Fund are made by Senior Officials of the Department of the Solicitor General and Public Security.

Note 12
Approval of Financial Statements

The financial statements were approved by the Senior Financial Officer and the Deputy Solicitor General and Deputy Minister of Public Security.

Schedule to Financial Statements

Comparison of Expenses – Directly Incurred, Equipment/Inventory Purchases and Statutory Expenses by Element to Authorized Budget **Schedule 1**

Year Ended March 31
(in thousands)

Program	2009 - 2010 Budget	2009 - 2010 Authorized Budget	2009 - 2010 Actual Expense	Unexpended (Over Expended)
Expenses				
1 Financial Benefits	$ 13,718	$ 13,718	$ 11,922	$ 1,796
2 Victims Programs	12,056	12,056	10,691	1,365
3 Criminal Injuries Review Board	431	431	376	55
4 Administration	894	894	896	(2)
	$ 27,099	$ 27,099	$ 23,885	$ 3,214
Operating Expense	$ 27,099	$ 27,099	$ 23,885	$ 3,214
Statutory Capital Investment	25	25	–	25
	$ 27,124	$ 27,124	$ 23,885	$ 3,239
Statutory Expenses				
Valuation Adjustments	$ 100	$ 100	$ (158)	$ 258
	$ 100	$ 100	$ (158)	$ 258

Schedules to Financial Statements

Related Party Transactions — Schedule 2

Year Ended March 31
(in thousands)

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management of the Fund.

The Fund and its employees paid or collected certain taxes and fees set by regulation for permits, licenses and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this schedule.

The Fund had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements and are disclosed in Schedule 3.

	Other Entities	
	2010	2009
Expenses - Incurred by Others		
Accommodation[1]	$ 216	$ 166
Legal	4	5
	$ 220	$ 171

The Fund receives services under contracts managed by the Ministry of Service Alberta. Any commitments under these contracts are reported by Service Alberta.

(1) There has been a change in methodology in calculating allocated accommodation costs for the year ended March 31, 2010. For the year ended March 31, 2009, accommodation costs were allocated based on individual buildings being used by ministries. For the year ended March 31, 2010, the average cost per square meter of government accommodation has been calculated and costs are allocated based on the square meters used by the ministry. As a result, accommodation costs allocated to the Fund have increased significantly.

Schedules to Financial Statements

Allocated Costs

Schedule 3

Year Ended March 31
(in thousands)

	2010						2009
	Expenses – Incurred by Others			Valuation Adjustments (4)			
Program	Expenses (1)	Accommodation Costs (2)	Legal Services (3)	Vacation Pay	Doubtful Accounts	Total Expenses	Total Expenses
Regulated Fund:							
Financial Benefits	$ 11,922	$ 119	$ –	$ (10)	$ (70)	$ 11,961	$ 13,058
Victims Programs	10,691	75	–	17	(63)	10,720	10,792
Criminal Injuries Review Board	376	–	–	–	(2)	374	447
Administration	896	22	4	(25)	(5)	892	1,049
	$ 23,885	$ 216	$ 4	$ (18)	$ (140)	$ 23,947	$ 25,346

(1) Expenses – Directly Incurred as per Statements of Operations, excluding valuation adjustments.
(2) Costs for Accommodation (includes grants in lieu of taxes) on Schedule 2, allocated by manpower.
(3) Cost shown for Legal Services on Schedule 2, estimated costs incurred by each program.
(4) Valuation Adjustments as per Statements of Operations. Employee Benefits and Doubtful Accounts were allocated as follows:
- Vacation Pay – allocated to the program by employee.
- Doubtful Accounts Provision – estimated allocation to program.

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